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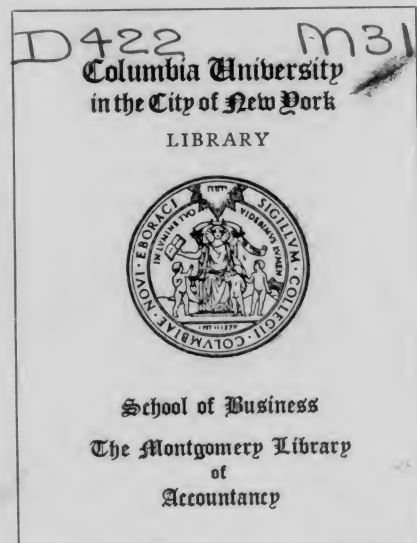
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THE
PRINCIPLES OF BOOK-KEEPING

BY
DOUBLE ENTRY,

IN A SERIES OF EASY AND PROGRESSIVE EXERCISES.

BY
HENRY MANLY,

PRINCIPAL WRITING-MASTER AND TEACHER OF BOOK-KEEPING IN THE
CITY OF LONDON SCHOOL.

SECOND EDITION.

LONDON:
EDWARD STANFORD, 6, CHARING CROSS, S.W.
1868.

Business
(Montgomery)

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A.R. 8 Jan. '24
H.V.

PREFACE.

THE Author of this elementary work makes no pretension to the invention of a *novel system* of Book-keeping. His object is—first, to place before the pupil the simplest operations in Accounts, and then to prepare him gradually for the more difficult and complex part of the art.

The book contains elementary practice in the five principal Accounts; materials for making out Bills of Parcels and Invoices; carefully-constructed Exercises on the Day-Book, Journal, and Ledger; the Civil Service Examination Papers on Book-keeping; a set of general questions; and a short explanation of commercial terms.

This Manual does not profess to impart instruction without the aid of a master, nor is it intended to supersede the use of more elaborate works, but rather to prepare the way for them. The Author believes that any one who thoroughly masters the Exercises here given will have passed through such a training as will enable him to attain to the art of recording the most difficult transactions.

BOOK-KEEPING.

A MERCHANT'S Books should exhibit a true statement of his Commercial affairs; they should show the success of each particular transaction, as well as the general result of the whole, and should be so arranged as to afford correct and ready information upon every subject for which they may be consulted.

Book-keeping, therefore, consists in classifying and arranging facts under distinct heads or accounts in a book called the Ledger.

The Ledger is the chief book in the Counting house, and to which all the other books are subservient. It contains a condensed history of the Merchant's Commercial affairs or transactions, arranged in proper order, under the following five distinct heads or accounts, called real and personal, viz. :—

- | | |
|-----------------------------|----------------------|
| 1. The Cash Account. | } Real Accounts.* |
| 2. The Merchandise Account. | |
| 3. Personal Accounts. | } Personal Accounts. |
| 4. Bills Receivable. | |
| 5. Bills Payable. | |

There are other accounts called Nominal† Accounts, such as Stock‡ or Capital Account, and the Balance Sheet, which are only used on opening and closing the Ledger.

The Profit and Loss Account is a branch of the Stock Account. Commission, Charges, &c., are branches of the Profit and Loss Account.

Directions for working and arranging the five Accounts before mentioned.

* Real Accounts are Accounts of any kind of property, such as Cash, Goods, Ships, Houses, Lands, &c.

† They are also called Fictitious Accounts.

‡ Stock or Capital Account is the Merchant's own Account.

1. THE CASH ACCOUNT.*

The object of this Account is to show, after receiving and paying money, what cash you have left in hand.

In arranging this account you should consider—

1st. What is entered on the *Dr.* side?

2nd. What on the *Cr.* side?

3rd. What will the difference between the *Dr.* and *Cr.* sides then show?

1. The cash you have in hand (when you first opened the Account†) and all receipts of money are entered on the *Dr.* side.

2. All payments are entered on the *Cr.* side.

3. The difference between the *Dr.* and *Cr.* sides will show the Balance,‡ or cash in hand.

EXAMPLE.

Jan. 1, 1868. Cash in hand at this date, brought from old Account £30. 2. Received from James Wilson, £50. 3. Paid for goods, £30. 4. Received from J. Goude, for sales of Wine, £46. 5. Paid W. Harrison on account £5 7s. 6d. 7. Received from W. Jones, £7 4s. 6d. 10. Paid for 3 Pipes of Wine, £60.

Find the Balance in hand.

Dr.		CASH.				Cr.			
RECEIPTS.		£	s.	d.	PAYMENTS.		£	s.	d.
Jan. 1	To Balance from old	30	0	0	Jan. 3	By Goods	30	0	0
	Account . . . }				" 5	By W. Harrison, on	5	7	6
" 2	To James Wilson . . . }	50	0	0		Account . . . }			
" 4	To Wine	46	0	0	" 10	By Wine	60	0	0
" 7	To W. Jones. . . .	7	4	6		By Balance in hand.	37	17	0
		£ 133	4	6			£ 133	4	6

This Account is now balanced or adjusted.

* An Account is a statement of facts relating to any person or thing.

† To open an Account, is to write its *Name* or *Title* for the first time in the *Ledger*.

‡ Balance, to make equal; that is, by placing the difference of the two sides of an Account on the less side, to make both sides equal.

2. MERCHANDISE ACCOUNT.*

The object of this Account is to show what is gained or lost by the buying and selling of Goods.

In working and arranging this Account you should consider—

1st. What is entered on the *Dr.* side?

2nd. What on the *Cr.* side?

3rdly. Ascertain if any of the Goods remain unsold.

4thly. What will the difference between the two sides then show?

1. The cost of all Goods bought is entered on the *Dr.* side.

2. The sales or returns are entered on the *Cr.* side.

3. If any portion of the Goods remain unsold, it constitutes the Balance of the Goods, and is entered as the Balance on the *Cr.* side.†

4. The difference between the *Dr.* and *Cr.* sides will then show the gain or loss by the buying and selling of Goods.

EXAMPLE.

Jan. 1., 1868. The stock of tea on hand from last year is 5 Chests, £56. 4. Sold Cummins & Co., 1 Chest, £12 7s. 4d. 8. Bought for Cash, 16 Chests, £187. 11. Sold for Cash, 5 Chests, £77 10s. 6d. 14. Sold Williams & Co. 6 Chests, £96. 19. Sold Cummins & Co., 7 Chests, £105. 24. Bought 15 Chests, and gave my acceptance at two months for the amount, £180. 21. Sold to Williams & Co., 12 Chests, £156.

Find the quantity that remains unsold and the gain or loss.

<i>Dr.</i>		TEA.					<i>Cr.</i>				
BOUGHT.		Quantity.	£	s.	d.	SOLD.		Quantity.	£	s.	d.
		chts.						chts.			
Jan. 1	To Stock in hand	5	56	0	0	Jan. 4	By Cummins & Co.	1	12	7	4
" 8	To Cash	16	187	0	0	" 11	By Cash	5	77	10	6
" 24	To Bills payable	15	180	0	0	" 14	By Williams & Co.	6	96	0	0
						" 19	By Cummins & Co.	7	105	0	0
						" 28	By Williams & Co.	12	156	0	0
	To Profit & Loss {						By Balance un-				
	—gained . . . }	..	88	17	10		sold . . . }	5	65	0	0
			£ 511	17	10				£ 511	17	10

NOTE.—The quantity bought was 36 chests; the quantity sold was 31 chests; therefore 5 chests remain unsold. These are valued at the market price, £13 per chest.

* All Property Accounts, such as Adventures, Railway Shares, Shares in Public Companies, Funded Property, Ships, Houses, Lands, &c., are similar in their nature to the Merchandise Account, and they are arranged and adjusted in the same manner.

† If the Goods are all sold, the returns are said to be complete. The Goods that remain unsold are generally valued at the market price, and sometimes at the cost price.

3. PERSONAL ACCOUNT.

The object of this Account is to show what the person owes you, or what you owe the person.

In working this Account you must consider—

1st. What is entered on the *Dr.* side?

2nd. What on the *Cr.* side?

3rdly. What will the Balance then show.

1. All sums for which the person is indebted to you are entered on the *Dr.* side.

2. All sums that you owe the person are entered on the *Cr.* side.

3. Then the difference between the *Dr.* and *Cr.* sides will show what the person owes you, or what you owe the person, as the case may be.

EXAMPLE.

Jan. 1, 1868. Balance due by Russell & Co., from last year's account, £135 16s. 6d. 4. Sold them cotton amounting to £85 16s. 4d. 5. Received of them on account, £120 10s. 6d. 7. Bought of them 12 doz. Sherry @ 35/. per doz., £21. 10. Sold them 12 pieces Calico, each 25 yds., @ 4d. per yd., £5. 14. Sold them 40 pieces Muslin, each 25 yds., @ 1/2 per yd., £58 6s. 8d. 15. Received of them on account £20. 18. Sold them 50 yds. of Broadcloth for £50. 24. Sold them 40 yds. Cotton Shirtings, @ 8d. per yd., £1 6s. 8d. 28. Received their Bill on Jones & Co., £140 18s. 4d.

Required the Balance.

<i>Dr.</i>		RUSSELL & CO.				<i>Cr.</i>			
		£	s.	d.		£	s.	d.	
Jan. 1	To balance from last year's Account	135	16	6	Jan. 5	By Cash . . .	120	10	6
" 4	To Cotton . . .	85	16	4	" 7	By Sherry . . .	21	0	0
" 10	To Calico . . .	5	0	0	" 15	By Cash . . .	20	0	0
" 14	To Muslin . . .	58	6	8	" 28	By Bills Receivable	140	18	4
" 18	To Broadcloth . .	50	0	0					
" 24	To Cotton Shirtings	1	6	8		By Balance due to me	33	17	4
		£ 336	6	2			£ 336	6	2

Bills of Exchange are of two kinds, Inland and Foreign.

ON INLAND BILLS OR DRAFTS.

A Bill or Draft is a written obligation given by one Person to another, to pay to him, or to his order, a certain sum of money at a specified time.*

FORM OF A BILL.

£250 0 0

London, Jan. 1, 1868.

Two months after date pay to me, or my order, the sum of Two hundred and fifty pounds for value received,

To Mr. William Coombes,
25 Cheapside.

THOMAS JONES.

Accepting a Bill is the act of writing your name across the face of it, by which you bind yourself to pay it when due, as having received the value.

In every Bill there are at least two persons concerned, the Drawer and the Acceptor, viz., as in the above Bill, Thomas Jones is the Drawer or Holder of the Bill, and William Combes the Acceptor or person who pays the Bill when due.

When the term of a Bill is expressed in months, calendar months are always understood.

* Bills and Promissory Notes, to make them legal, require to be written on paper with the Government stamp on it, of a certain price, according to the sum drawn for, viz. :—

BILLS AND PROMISSORY NOTES.

Payable in any other way than to Bearer on demand.

Payable in any other way than to Dealer on delivery					Inland, or Foreign drawn in Sets, in Sets.										
					£	s.	d.	£	s.	d.					
Not exceeding	£5	..	0	0	1				£500	..	0	5	0	1	8
	10	..	0	0	2	s.	d.		750	..	0	7	6	2	6
	25	..	0	0	3	0	1		1000	..	0	10	0	3	4
	50	..	0	0	6	0	2		1500	..	0	15	0	5	0
	75	..	0	0	9	0	3		2000	..	1	0	0	6	8
	100	..	0	1	0	0	4		3000	..	1	10	0	10	0
	200	..	0	2	0	0	8		4000	..	2	0	0	13	4
	300	..	0	3	0	1	0								
400	..	0	4	0	1	4		And for every 1000 or part of £1000	..	0	10	0	3	4	

Bills of Exchange and Promissory Notes drawn out of the United Kingdom, but payable or negotiated within it, the same duty as Inland Bills; denoted by adhesive Stamps.

In Great Britain and Ireland three days' grace are allowed after the expiration of the time stated, in order to give the Acceptor a reasonable time to collect the money to pay the Bill.

FORM OF A PROMISSORY NOTE.*

£150 0 0

London, Jan. 1, 1868.

Two months after date I promise to pay to
Mr. George Hamilton, or his order, One hundred and fifty pounds,
value received.

THOMAS JONES.

Payable when due
at _____

If the Holder of a Bill wants to dispose of it (that is, pay it away), he writes his name on the back, and this is called *Indorsing*, and every *Indorser* is a security for the payment.

* A Bank of England Note is a promissory note payable on demand. Promissory Notes to bearer on demand can only be issued by licensed Bankers.

4. BILLS RECEIVABLE ACCOUNT.

The object of this Account is to show the amount of the Bills in hand.

In arranging this account consider—

1st. What is entered on the *Dr.* side?

2ndly. What on the *Cr.* side?

3rdly. What will the difference between the two sides show?

1. The Bills in hand (when you first opened the Account), and all Bills you afterwards receive, are entered on the *Dr.* side.

2. The Bills that are due and paid, or otherwise disposed of, are entered on the *Cr.* side.

3. The Balance or difference between the two sides will show the amount of Bills in hand.

EXAMPLE.

Jan 1, 1868. I have Bills in hand at this date to the amount of £350. 9. Received from J. Jennings his Acceptance at two months, £50. 11. I have drawn a Bill on George Ramsay for the Balance of his Account, £90. 15. Bill No. 2 is due this day and paid, £70. 17. Thomas Truby has duly honoured* his Bill, due this day, No. 4, £95 17s. 4d. 20. Received from Raymond & Co., for the Account of Thomas Martin, a bill due March 4, £257 18s. 8d. 24. Drawn on Charles Chambers, at one month, for the balance of his Account, £32 10s.

What is the Balance or amount of Bills in hand?

<i>Dr.</i>				BILLS RECEIVABLE.				<i>Cr.</i>			
RECEIVED.				DISPOSED OF.							
		£	s.	d.				£	s.	d.	
Jan. 1	To Amount in hand	350	0	0	Jan. 15	By Cash for Bill No. 2	70	0	0		
" 9	To J. Jennings . .	50	0	0	" 17	By do. do. No. 4	95	17	4		
" 11	To George Ramsay .	90	0	0							
" 20	To Thomas Martin .	257	18	8		By Balance in hand .	614	11	4		
" 24	To Chas. Chambers .	32	10	0							
		£ 780	8	8				£ 780	8	8	

NOTE.—Bills Receivable are those that a merchant receives in payment of some debt or contract.

* To honour a Bill is to pay it when it becomes due.

5. BILLS PAYABLE.*

The object of this Account is to show the amount of your liabilities in the shape of Bills.

In arranging and working this Account you must consider—

1st. What Bills you have accepted or issued, and for the payment of which you have made yourself answerable?

2nd. What amount of these Bills you have paid or redeemed?

3rdly. What will the Balance show?

1. All Bills or Acceptances issued by you are entered on the *Cr.* side.

2. All Bills when paid or redeemed are entered on the *Dr.* side.

3. The Balance or difference will then show what you owe in the shape of Bills or Acceptances.

EXAMPLE.

Jan. 1, 1868. I owe in Bills at this date £900. 3. Bought Goods of Thomas Sims for £75, for which he has drawn upon me at 2 months. 5. Bill No. 7, due this day, was presented and duly honoured, £235 18s. 6d. 10. Sold Goods to Hammond & Co. for £130, for which I have received my own Acceptance, No. 8. 15. Bill No. 9, drawn by E. Mills, is due this day and paid, £75. 20. I have given Thomas & Co. a Promissory Note, at 6 weeks, for the Balance of their Account, £175 15s. 6d. How much do I owe in the shape of Bills.

Dr. BILLS PAYABLE. *Cr.*

REDEEMED.				ISSUED.			
		£	s. d.			£	s. d.
Jan. 5	To Cash for No. 7 .	235	18 6	Jan. 1	By Amount issued .	900	0 0
" 10	To Goods for No. 8 .	130	0 0	" 3	By Merchandise .	75	0 0
" 15	To Cash for No. 9 .	75	0 0	" 20	By Thomas & Co. .	175	15 6
	To Balance unpaid, unredeemed, or outstanding .	709	17 0				
		£ 1150	15 6			£ 1150	15 6

* Bills Payable are those that are drawn upon the merchant for some debt or contract, and which he must pay when due.

EXERCISES ON THE REAL AND PERSONAL ACCOUNTS.

The object of the following Exercises is to initiate the Pupil in the technical terms used in business, the difference between Debit and Credit, and to prepare the way for the working of the Journal and Ledger by the system of Double Entry.

Abbreviations used in the Counting-house.

<i>Dr.</i>	stands for	Debtor, a person owing money to his Creditor.
<i>Cr.</i>	" "	Creditor, a person to whom any sum of money is due.
C.B.	" "	Cash-Book.
P.C.B.	" "	Petty Cash-Book.
B.B.	" "	Bill-Book.
I.B.	" "	Invoice-Book.
S.B.	" "	Sales-Book.
B.P.	" "	Bill of Parcels.
A/S	" "	Account Sales.
per or per	" "	At, to, for, or by.
a/c	" "	Account.
%	" "	per cent.
m/d	" "	Months after date.
m/s	" "	Months after sight.
d/d	" "	Days after date.
d/a	" "	Days after acceptance.
ea	" "	Each.
@	" "	At.

EXERCISES.

1.

	£	s.	d.
Jan. 1, 1868. Balance in hand at this date	37	17	0
13. Paid J. Cummings for Books for Office	5	10	0
14. Received for Sales this day	17	5	3
15. Paid House expenses for last week	2	14	6
16. Paid House Rent, 1 quarter, due Dec. 25/67	12	10	0
17. Received for Sales this day	14	17	6
18. Paid Thomas Manning, for Painting	6	3	6
" Paid Trade Expenses	1	5	0
Find the Cash in hand.			

2.

Make a Cash Account, or Cash-Book, from the following transactions:—

	£	s.	d.
Feb. 1, 1868. Cash in hand	50	0	0
4. Paid for Furniture	21	15	0
6. Paid for Fire-irons	1	10	0
7. Paid for Postage Stamps	0	9	6
12. Paid for 1 Ton of Coals for Office	1	1	6
20. Received of Mr. Daly, for 1 quarter's Rent	8	8	0
26. Paid for Sweeping Chimneys	0	5	6
27. Received from H. Lawson, in part payment of half-year's Rent, due Dec. 25/67	5	5	0
„ Paid Taxes	2	6	8
„ Paid House Expenses this month	10	14	6
„ Paid Servant's Wages	2	10	6

Find the Balance.

3.

Mar. 1, 1868. Received from Cashier for P.C.B. ..	10	10	6
2. Paid for Cartage	0	18	6
3. Paid for Postage of Small Parcels	0	3	6
5. Paid for Broom for Housekeeper	0	2	6
6. Paid for repairing Clock	0	10	6
„ Paid Porter's Wages	1	5	0
„ Paid Cab-hire for Mr. H.	0	3	6

Find the balance and carry it to next week's Account.

4.

Mar. 8, 1868. Balance* in hand from last week's Account			
„ Received for the Sale of Waste Paper	0	15	0
„ Paid Carpenter for Packing-cases	2	10	6
9. Paid for Bill Stamps	2	0	0
10. Paid Mr. G—— for Painting outside of House	6	10	9
11. Received from Cashier for P.C.B.	10	0	0
12. Paid for Mending Windows	0	7	6
13. Paid Commissionaire for taking small parcels	0	3	6
„ Paid Johnson for Cartage	1	5	6
„ Paid for Cord, Twine, and Packing-needles	0	3	6
„ Paid Porter's Wages and 5/. for Overtime	1	10	0

Find the Balance.

5.

Apr. 1, 1868. I have Bills in hand at this date to the amount of	1560	0	0
--	------	---	---

* The Balance of the former week's Account must be entered to the Debit of the following week, thus:—To Balance from last week's Account, £—

	£	s.	d.
Apr. 4. I have sold Goods to Jones & Co. to the amount of £75, for which they have given me their Acceptance at 6 weeks	75	0	0
5. Bill No. 3 is due and paid this day	150	0	0
6. Do. No. 4 is due this day and duly honoured	95	0	0
10. Bought Goods of Samuel Roberts and paid for them by giving him his own Bill, No. 7, due on the 18th, for the amount	175	0	0
15. Sold goods to G. Sims, amounting to £75, for which he has given me his Draft at 2 months	75	0	0
16. Received for Bill No. 5, due this day	137	14	6
17. Ditto ditto 6 ditto	147	18	4

Required the Balance.

6.

Apr. 1, 1868. Liabilities in the shape of Bills Payable outstanding at this date	1560	0	0
5. Mr. G—— presented his Bill for payment, due this day, which I have duly honoured*	235	0	0
10. Paid my Acceptance in favour of Milton & Co., due this day	176	0	0
12. Bought Goods of Hamilton & Co. for £174 18s. 6d., for which I have given him my Promissory Note at 6 weeks	174	18	6
13. Sold goods to W. Smith for £200, and received in payment my own Acceptance, due on the 22nd May	200	0	0
17. Bought of W. Smith, Sugars to the amount of £256 18s. 6d., and given my Acceptance for the same at 2 months	256	18	6
24. Paid my Acceptance, No. 10, due this day	195	4	7

Required the Balance.

7.

May 1, 1868. John Jennings has opened an Account with me, and purchased 2 Pipes of Port Wine @ £85 p Pipe			
4. Sold him 14 doz. Champagne @ 40/. p doz.	560	0	0
10. Received from him on Account	50	0	0
„ Sold him 4 Hhds. Rum for	200	0	0
18. I have drawn a Bill on him at 2 months, for £60, which he has accepted	60	0	0

* To honour a Bill is to pay the amount on its becoming due, or to accept it on being presented for acceptance.

	£	s.	d.
May 24. I have bought of him 1 Hhd. of Sugar for ..	20	0	0
27. Sold him a Pipe of Sherry for ..	48	0	0
28. Sold him 13 doz. of Old Port @ 48/6 p doz.			
29. He has given me a Bill on Wilson & Co. at 2 months	59	6	8
Find the Balance.			

8.

June 1, 1868. The Stock of Cotton on hand from last month is 10 Bales, wt. net 29 cwt. 2 qrs., @ 7½d. p lb.			
4. Sold for Cash 6 Bales, wt. net 18 cwt. 1 qr. @ 8d. p lb.			
10. Bought of Simpson & Co. 23 Bales, wt. net 64 cwt. 2 qrs. 16 lb., @ 7d. p lb.			
15. Sold Williams and Jones 16 Bales, wt. net 48 cwt. 2 qrs. 5 lbs., @ 7½d. p lb.			
18. Sold for Cash 4 Bales, wt. net 11 cwt. 2 qrs., @ 8d. p lb.			
27. Sold Williams & Jones 4 Bales, wt. net 12 cwt. 2 qrs. 18 lb., @ 8½d. p lb.			
Find the quantity of Cotton unsold and the gain or loss.			

9.

June 4, 1868. The Stock of Port Wine on hand at this date is 3 Pipes (Brand Δ), valued at ..	215	10	0
5. Bought of Wilson & Co. 60 doz. (Vintage '34) @ 36/ p doz.			
7. Bought for Cash 4 Pipes (Brand \oplus) @ £65 p Pipe			
10. Sold Henry Williams 1 Pipe (Brand) for ..	85	0	0
11. Sold George Symes 3 doz. (Vintage '34) @ 45/ p doz.			
15. Sold for Cash 1 Pipe (Brand Δ) for ..	72	0	0
16. Sold Williams & Co. 1 Pipe (Brand Δ) for ..	86	0	0
18. Wilson & Co. have purchased 1 Pipe (Brand \oplus) for	70	0	0
20. George Symes has bought 8 doz. (Vintage '34) @ 45/ p doz.			
25. Bought of Warre & Co. 70 doz. (Vintage '36) @ 40/ p doz.			
26. Sold Wilson & Co. 6 doz. (Vintage '34) @ 45/ p doz.			

	£	s.	d.
June 27. Bought 4 Pipes (Brand \oplus) @ £70 p Pipe ..			
28. Sold for Ready Money 14 doz. (Vintage '36) @ 45/ p doz.			
29. Sold Wilson & Co. 2 Pipes (Brand \oplus) @ £72 p Pipe			
30. Sold for Cash 25 doz. (Vintage '36) @ 50/ p doz.			

Find how many Pipes and how many Dozen of Port Wine I have, and find what I have gained or lost.

10.

	£	s.	d.
June 1, 1868. I have in Ready Money ..	319	18	4
3. Paid Henry Williams for Merchandise ..	107	19	3
4. Paid James White for Printing ..	10	10	0
5. Paid George Hanson for Ledger and other Books	7	10	8
6. Received for Sales this day	20	14	6
8. Paid George Hanson for Printing Paper, p Invoice	37	10	0
„ Received for Sales this day	10	7	6
10. Received a Remittance from Thomas Kelly, of Glasgow, for Goods sent him	184	18	6
11. Received for Bill No. 2, due this day ..	75	0	0
18. Paid my Acceptance, No. 4, due this day ..	176	19	0
19. Remitted Hamilton & Co., of Plymouth, for Goods bought of them	45	18	2
„ Received for Sales this day	94	15	6
20. Sold for Cash, Goods amounting to ..	14	8	6
22. Paid for Cartage	1	18	6
25. Paid Porter 1 week's Wages	1	5	0
28. Paid my Promissory Note, No. 5, due this day ..	27	18	4
30. Paid sundry expenses this month p P.C.B. ..	13	13	6

Make a Cash Account of the above items and find the Balance.

11.

	£	s.	d.
June 1, 1868. I have in hand the following Bills:—			
James Cumming's Acceptance, due 23rd ..	35	10	6
Hammond & Co.'s „ „ 15th ..	77	18	6
Wilson & Co.'s „ „ 24th ..	47	17	4
Simpson & Co.'s „ „ 27th ..	89	19	6
5. Sold Wilson & Co. 2 Pipes of Port Wine, and for which they have given me a Bill on Thos. Martin, at 2 months, for the amount ..	140	0	0

	£	s.	d.
June 7. Sold Hammond & Co. 12. doz. Sherry, @ 42/. p doz., for which I have received their Pro- missory Note at 21 days for the amount ..			
8. Simpson & Co. have bought 2 Casks Brandy, each 15 galls., @ 21/. p gall., and 1 Puncheon of Rum, 84 galls. @ 15/6. p gall., for which I have drawn upon them at two months, which they have accepted			
12. I have drawn a Bill on Robert Simmons, in favour of Thomas Jones, at 31 days, for ..	238	10	6
15. Hammond & Co. have paid their Bill, due this day	77	18	6
20. Sold Thomas Jones 2 Pipes Port Wine, @ £84 p Pipe, and 19 doz. Cape, @ 24/. p doz., and received his Acceptance for the same at 6 weeks.			
23. James Cumming has taken up his Bill, due this day	35	10	6
„ Bought of Hammond & Co. Merchandise amounting to £25 4s., and given him his Pro- missory Note, due July 1st, for the same ..	25	4	0
24. Wilson & Co. have duly honoured their Bill, due this day	47	17	4
25. Sold James Cummings 2 Casks Brandy, each 15 galls., @ 21/. p gall., for which he has given me a Bill on Hamilton & Co., due July 15th			
27. Simpson & Co. have taken* up their Bill, due this day	89	19	6
28. Sold Hammond and Co. 3 Pipes Port Wine, @ £54 10s. p Pipe, and received their Pro- missory Note at 31 days for the same ..			
29. Sold Thomas Jones 1 Cask Brandy, 15 galls., @ 20/., and 1 Puncheon Rum, 84 galls., @ 15/. p gall., and received his Draft at 3 months for same			

Find the Balance.

12.

July 1, 1868. The Balance due to Palmer, Lewis & Co. at this date is	572	18	6
---	-----	----	---

* That is, duly honoured or paid it.

	£	s.	d.
July 2. Sold them 10 Casks Spanish Madder as p Invoice	359	10	4
4. Bought of them 14 Bales of Cotton as p Invoice ..	254	17	7
6. Given them a Bill on Hale & Co. for	250	10	6
10. Sold them 120 Bundles Water Twist as p Invoice	197	16	6
12. Sold them 4 Casks Dutch Madder as p Invoice ..	157	16	6
15. Bought of them 24 Bales Carolina Cotton as p Invoice	339	18	4
16. I have given them a Promissory Note at 3 months for	327	15	9
18. Sold them 50 ps. Muslins as p Invoice ..	70	0	0
20. Sold them 10 ps. Broadcloths as p Invoice ..	150	0	0
25. Sold them 25 Casks Pearl Ashes as p Invoice ..	120	0	0

Find the Balance, and draw a Bill at two months for the same.

13.

Aug 1, 1868. The Balance due by Gladstone & Co. at this date is	1347	18	6
4. Bought of them 8 Bags Pepper as p Invoice ..	107	12	9
10. Bought of them 200 Pigs of Lead, wt. 224 cwt. 3 qrs., at £18 10s. p fother*			
12. I have received their Acceptance at 2 months for	430	0	0
15. Sold them 4 Hhds. Sugar as p Invoice ..	168	0	0
17. Bought of them 4 Cases of Ironmongery as p Invoice	100	15	7
20. Sold them 20 Boxes Mould Candles as p In- voice	42	13	10
25. Bought of them 6 Cables and 26 Coils of Rope as p B.P.	287	19	0
27. Sold them 6 Sheets of Lead as p B.P. ..	78	19	8
30. Sold them 35 Quarters of Oats @ 29/. p qr. ..			

Find the Balance, and draw a Promissory Note at 31 days for the same, and name the Stamp required.

14.

Sept. 1, 1868. Hammond and Jennings have opened
an Account with me this day, and purchased
2 ps. Blue Cloth, each 56 yds., @ 14/. p yd.

* A Fother of Lead = 19½ cwt.

	£	s.	d.
Sept. 5. Sold them 4 ps. Cassimere, 80 yds., @ 7/6 p yd.			
7. Received from them on account	20	0	0
8. Sold them 4 ps. Black Cloth, 130 yds., @ 10/6 p yd.			
„ Ditto 3 ps. Blue ditto, 75 yds., @ 7/6 p yd.			
„ Ditto 4 „ Cassimere ditto, 100 yds., @ 6/6 p yd.			
12. Bought of them a quantity of Furniture for ..	35	0	0
15. Sold them 60 yds. Cotton Linings @ 3d. p yd.			
18. Sold them 20 yds. Black Silk Velvet @ 15/ p yd.			
20. Received from them on account	50	0	0
25. Sold them 8 ps. Brown Cloth, 400 yds., @ 10/ p yd.			
27. Received from them a Bill on Simpson & Co. at 6 weeks	164	10	6
Find the Balance.			

15.

Aug. 1, 1868. The Balance due by Palmerston & Co. at this date is	357	18	4.
5. Bought of them a quantity of Alum as p Invoice	37	14	6
7. Received from them on account	105	16	2
10. Received their Acceptance at 2 months for ..	100	0	0
15. Sold them 8 Tons Corkwood @ £26 p Ton ..			
18. Bought of them 4 Pipes Port Wine @ £80 p Pipe			
20. Sold them 12 cwt. 2 qrs. Clover Seed @ 80/ p cwt.			
24. Bought of them 109 doz. Cape Wine @ 21/ p doz.			
28. Bought of them 3 Pipes Sherry @ £48 p Pipe			
22. Sold them 37 Sacks of Flour @ 42/. p Sack ..			
Find the Balance.			

BILLS OF PARCELS AND INVOICES.

A Bill of Parcels or an Invoice is a statement of the quantity and value of Goods sold, and which is delivered to the *buyer* by the *seller* along with the Goods.

EXAMPLES.

London, Jan. 7, 1868.

Mr. James Thompson

Bought of A—— B——

				[Pupil's Name.]
14 yds. Broadcloth	@ 14/6	p yd.	..	£10 3 0
20 „ Cotton Lining	@ /6	„	..	0 10 0
18 „ Black Kerseymere	@ 7/6	„	..	6 15 0
6 „ Black Silk Facings	@ 3/6	„	..	1 1 0
				£18 9 0

If the account is a statement of Goods sold at the time, the expression *Bought of W. & Co.* is used, and the date placed at the top, *as above*; but when it is for Goods sold at a former period then the word *Dr. to W. & Co., or To W. & Co., Dr.,* is used, and the dates placed in the margin, thus—

London, Feb. 28th, 1868.

Mr. John Hammond

Dr. to A—— B——, or
To A—— B—— Dr.

1868.

Jan. 2. To 10 yds. Broadcloth	@ 10/6	p yd.	..	£5 5 0
14. To 5 „ Kerseymere	@ 5/6	„	..	1 7 6
18. To 12 „ Black Doeskin	@ 6/6	„	..	3 18 0
Cr. .. .. .			..	£10 10 6
Feb. 2. By Cash on account			£5 0 0	
5. Ditto Ditto			3 0 0	8 0 0
				£ 2 10 6

If a part is paid at any time on account, it is placed as above and subtracted: the difference will show the Balance due by the party. If several payments are made, they can be short extended and their sum subtracted.

This is called a *General Account*.

If the Account is settled by Cash, a Receipt is given at the foot.

RECEIPTS.

A Receipt is a written acknowledgment of having received a sum of money in the settlement of an Account.

If the sum received is under £2 it does not require a penny Stamp, but if the sum is £2 and upwards a Stamp is required to make it legal.

FORM OF RECEIPTS.

Received 5th Jan., 1868, of Mr. Walter Williams the sum of Forty pounds ten shillings on account.

HENRY MASTERS.

£40 10 0

March 1st, 1868. Received of Mr. Walter Williams the sum of Thirty-seven pounds fifteen shillings, being the Balance of his Account.

HENRY MASTERS.

£37 15 0

RECEIPT FOR A PROMISSORY NOTE.

Received this 1st day of May, 1868, of Mr. A. B., his Promissory Note of hand, dated this day, for the sum of £17 13 6, and payable to my order 3 months after date, which, when paid, will be in full, for Goods sold and delivered to him.

B — D —.

£17 13 6

EXERCISES ON BILLS OF PARCELS AND INVOICES.

1. Jan 1, 1868. Sold the following Goods for Cash to Mr. A —
B — — —:

1 Cheshire Cheese, wt. 56 lbs., @ 9d. p lb.; 3 York Hams, wt. 47½ lbs., @ 10d. p lb.; 2 firkins of Butter, wt. 124 lbs., @ 8d. p lb.; 2 Sides of Bacon, wt. 214½ lbs., p 8½d. p lb.; 4 cwt. Lard, @ 6½d. p lb.; 1 Box of Eggs, containing 2,500, @ 2/6 p hundred.

Make a Bill of Parcels and give a Receipt for the same.

2. Jan. 2, 1868. The following Goods were sold to Mr. William Squires. Make a Bill of Parcels, and give him credit, with a proper receipt for the half.

14 lbs. of Pekoe Tea, @ 4/6 p lb.; 28 cwt. Patna Rice, @ 18/6 p cwt.; 58 Sugar Loaves, each 10½ lbs., @ 4½d. p lb.; 9 cwt. Valentia Raisins, @ 35/6 p cwt.; 144 lbs. Souchong Tea, @ 3/4 p lb.; 84 Jars Grapes, @ 14/8 each.

EXERCISES ON BILLS OF PARCELS AND INVOICES. 23

3. Jan. 6, 1868. Mr. George Summers has bought the following, and has given his Promissory Note at 6 weeks for the same. Make out his Account and give a proper Receipt.

18 Galls. Sherry, @ 18/6 p gall.; 100 Bottles of French Brandy, @ 4/6 p bot.; 4 Doz. Old Port Wine, @ 64/6 p doz.; 34 Galls. Jamaica Rum, @ 18/6 p gall.; 72 Doz. Marsala, @ 35/7 p doz.; 2 Casks Lisbon Wine, 110 galls., @ 14/10 p gall.

4. Jan. 12, 1868. Sold Mr. Thomas Hammond the following, for which he has given me one-third in Cash and a Draft at 2 months for the rest. Make out a Statement, giving him credit for the Cash and Draft, and also draw the Draft for his acceptance.

12 Barrels Scotch Ale, @ 35/6 p bar.; 50 Barrels Porter, @ 17/6 p bar.; 65 Doz. Dublin Stout, @ 5/4 p doz.; 5 Butts of Calvert's Entire, @ 65/. p butt.; 15 Barrels Buxton's Porter, each 18 galls., @ 1/2 p gall.

5. Jan. 20, 1868. Bought of Williams & Child the following Goods:—

50 Qrs. Oats, @ 25/6 p qr.; 18 Loads of Clover, @ 2/11 p truss; 22 Loads of Hay, @ 2/4 p truss; 74 Qrs. Bran, @ 7½d. p bushel; 84 Pecks Linseed, @ 2½d. p qt.; 12 Sacks of Flour, @ 45/6 p sack.

For which I have paid one-half in Cash and given them my Promissory Note at 3 months for the balance. Make an Invoice of the above items, such as the Seller ought to send you, draw a Promissory Note for the balance, and name what stamp is required.

6. Feb. 2, 1868. Mr. Bannister has bought at various times on Credit, and paid on account several sums, as follows:—

Jan 1. 12 Doz. Brown Sherry, @ 42/6 p doz.; 4. 6 Doz. Burgundy, @ 59/6 p doz.; 10. 3 Qr. Casks Brandy, each 18 Galls., @ 18/9 p gall.; 15. 12 Doz. Old Port, @ 65/6 p doz.; 20. Received from him on account, £35; 24. 15 Doz. Champagne, @ 40/. p doz.; 28. Received on account, £10 10s. 6d.

Make a general Account of the above items.

7. Mar. 1, 1868. Mr. Joseph Masterman has bought the following Goods:—

18 Yds. Purple Velvet, @ 10/6 p yd.; 15 Eng. Ells Black Velvet, @ 15/. p yd.; 157 Yds. Yorkshire Cloth, @ 7/6 p yd.; 75 Yds. Norwich Crape, @ 3/6 p yd.; 5 Ps. Linen, each 30 yds., @ 1/2 p yd.; 3 Ps. Calico, printed, each 36 yds., @ 7d. p yd.; 4 Ps. Muslins, each 20 yds., @ 1/6½

¾ yd.; 38 Yds. Black Silk, @ 4/6 ¾ yd.; 2 Ps. French, each 28 yds., Silk Figured, @ 5/4 ¾ yd.

Make a Bill of Parcels of the above, draw a Bill on Joseph Masterman, at 2 months, for the amount, and state what stamp will be required for the same.

8.

Mr. Samuel Galliot,

Huddersfield, June 12, 1868.

Bought of Armitage Brothers,
Importers of Foreign Wool.

No.	Cwt.	qrs.	lbs.	3 Bags of Wool, viz.:-	£	s.	d.
12	4	3	23				
14	0	3	3				
	5	2	26				
Tare	0	0	23				
Nett	5	2	3	or 619 lbs. Fleece @ 2/0½	£	63	3 9½
7625	3	2	19				
Tare	0	0	12				
Nett	3	2	7	or 399 lbs. ditto @ 2/1½		42	7 10½
				E. E.*	£	105	11 8

9. June 14, 1868. Make Invoices of the following items similar to the above:-

Buyer, Mr. A— B—; Seller, Messrs. G. & Co., Leeds.
5 Bags Cape Wool, @ 1/1½ ¾ lb., viz.:-

No.	Cwt.	qrs.	lbs.	
481	2	0	15	} Gross. Tare 1 qr. 14 lbs.
606	1	3	18	
415	1	2	14	
573	1	3	26	
260	2	3	18	

10. June 15, 1868. Buyer, Messrs. H. & Co.; Seller, W. Willan, London.

5 Bags Wool, @ 1/2 ¾ lb.

No.	Cwt.	qrs.	lbs.	
38	2	0	14	} Gross. Tare 1 qr. 14 lbs.
150	3	0	11	
235	2	2	19	
647	1	3	9	
636	1	2	16	

Draw a Bill at 3 months for the amount.

* E. E. means errors excepted.

London, June 14, 1868.

Mr. William Jones,

Bought of Warren & Co.,
Wine Merchants, &c.

MARES.	Butts.	Hhds.	Qr.-cks.*	Ochs.		Price.	£	s.	d.
Brand J J YRIDKTE									
△ _P	2	6	8	0	No. 118 Pale Sherry, @ ¾ butt	49	343	0	0
△ _B	0	2	0	0	„ 119 Brown do. do.	49	49	0	0
△ _B _P	0	2	4	0	„ 120 Pale do. do.	60	120	0	0
	2	10	12	0	E. E.	£	512	0	0

July 1, 1868. Make an Invoice similar to the above from the following items:-

Buyer, William Williams, of Cardiff; Seller, Thomas Thompson & Co., London.

△ _B	2 Hhds. and 2 Qr.-cks., No. 121, Gold-colour Sherry, @ £71 ¾ butt.
△ _P	1 Ditto and 2 ditto, No. 122, Brown Ditto, @ £71 ¾ butt.
△ _C	2 Butts 6 Hhds. and 6 Qr.-cks., No. 123, very Pale Sherry, @ £29 ¾ butt.
△ _P _B	10 Qr.-cks., No. 57, Port, @ £70 ¾ butt.

Draw a Bill at 6 months on the Buyer for the same.

* Qr.-cask = ¼ Butt.

QUESTIONS FOR EXAMINATION.

ON THE CASH ACCOUNT.

1. What is meant by Cash?
2. What is an Account?
3. What is the object of keeping a Cash Account?
4. What is a Folio in mercantile language?
5. What would you write on the top of the left-hand page of the folio?
6. What on the right?
7. When you receive a sum of money, on which side would you place it? and why?
8. When you pay away money, on which side do you enter it? and why?
9. What will the difference between the *Dr.* and *Cr.* sides show?
10. What is the meaning of the term Balance?
11. Supposing you kept a shop, on which side of this Account would you enter the money you have received for Goods sold during the day?
12. When you pay wages, where do you enter the sum?
13. If you pay taxes, where do you enter the sum?
14. If you receive a sum of money as a legacy, on which side do you enter it?
15. On which side of the Cash Account will the Balance (if any) always fall?
16. If you pay house expenses, on which side do you enter the amount?
17. When is the Balance entered *To* and *By*?
18. Why in the examples given here is the Balance added to the *Cr.* side?
19. When the Cash received and paid is all entered, what is to be done?
20. Explain what is meant by remitting money.
21. If you remit George Goude, of New York, a sum of money, on which side of the Cash Account would you enter it?
22. Samuels & Co., of Plymouth, remit you money for Goods sent them; how would you enter it?

ON THE MERCHANDISE ACCOUNT.

1. What is the object of this Account?
2. Name as many Accounts as you can that are the same in their nature as this Account.

3. What is contained on the *Dr.* side?
4. What is entered on the *Cr.* side?
5. How would you arrange and adjust this Account?
6. Supposing you bought 6 hhds. Sugar, how would you enter it?
7. When the returns are complete, what will the difference between the *Dr.* and *Cr.* sides show?
8. What constitutes the Balance of this Account?
9. If any of the Goods remain unsold, at what are they generally valued?
10. If you sell 4 hhds. of the Sugar mentioned above, where and how would you enter it?
11. If you are required to adjust the Sugar Account, show how you would do it.
12. If you make a gain on any kind of Goods, on which side of the Account would it appear?
13. If you sustain a loss on any kind of Goods, on which side would it appear?
14. When are the returns said to be complete?
15. Why is this Account called Real?
16. What two objects are effected by keeping Real Accounts?
17. Name the Real Accounts?
18. What is the meaning of the word Balance?
19. In arranging and working this Account, how many things or steps are to be considered? and where are they entered?
20. If you bought 5 Pipes of Wine for £120, and sold them afterwards for £110, show the result, and how it would appear in the Wine Account?

ON BILLS RECEIVABLE AND BILLS PAYABLE.

1. What are Bills or Drafts?
2. Give the form of a Bill.
3. How many kinds of Bills are there?
4. How many persons are generally concerned in an Inland Bill or Draft? What are they called?
5. What is meant by accepting a Bill?
6. What is the object of the Bills Receivable Account?
7. What is entered on the *Dr.* side?
8. What on the *Cr.* side?
9. What will the Balance show?
10. When you draw a Bill on any person who owes you money, and he accepts it, what do you call it?
11. What does the Acceptor call it?
12. If you give your Acceptance, what do you call it?

13. If you receive an Acceptance, what do you call it?
14. What is the object of the Bills Payable Account?
15. When you give an Acceptance, on which side do you enter it?
16. If your Acceptance is due, and paid, on which side do you enter it?
17. When you issue a Bill, on which side do you enter it?
18. On which side do you enter all Bills that are redeemed?
19. What will the Balance of the Bills Payable Account show?
20. For what is the Acceptor of a Bill liable?
21. To whom is the amount of the Bill, when due, paid?
22. If a Bill is drawn for months, what months are meant?
23. How many days' grace are allowed in Great Britain?
24. What do you understand by giving an Acceptance?
25. Give the form of a Promissory Note.
26. Draw a Bill at 2 months on A. B. for £150.
27. Suppose you owe A. B. £120, and C. D. owes you £120, draw a Bill on C. D. in favour of A. B. and pay it over to A. B.
28. What is meant by Indorsing a Bill?

ON THE PERSONAL ACCOUNT.

1. What is a Personal Account?
2. What is its object?
3. Give the Rule for keeping Personal Accounts.
4. If I sell Goods on credit to A. B., on which side of his Account will it appear?
5. If A. B. pay me a part of his debt, on which side should it be entered?
6. If the *Dr.* side of a Personal Account amounts to £50 and the *Cr.* side to £30, to whom would the difference be due?
7. What is entered on the *Dr.* side?
8. What on the *Cr.* side?
9. If the *Cr.* side should exceed the *Dr.*, what would the difference show?
10. What will the Balance of a Personal Account show?
11. What is a Receipt?
12. Give the Form of a Receipt for part payment of a debt.
13. Give a Receipt in full.
14. If you give a Promissory Note for £21 at 2 months, what stamp will it require?
15. Give a Receipt for a Promissory Note or Draft.
16. What is a Bill of Parcels?
17. Show how a General Account is made out.
18. What is a Bank Note?

EXERCISES ON THE PRINCIPLE OF DOUBLE ENTRY.

In Double Entry three Books at least are required, the Waste-Book, Journal, and Ledger.

The Waste-Book, Day-Book, or Memorandum-Book.—This Book contains a general Register of all transactions in the order of time in which they occur.

THE DAY-BOOK.

EXAMPLE.

Date.	January, 1868.	£	s.	d.
1	ASSETS.* My Capital in Business at this date is	500	0	0
1	LIABILITIES.† I owe to James Cooke	20	0	0
2	Bought of Thomas Jones, 40 pieces Irish Linen, each 30 yds. @ 1/2 p yd.	70	0	0
4	Sold James Cooke, 4 pieces Irish Linen, each 30 yds. @ 1/4 p yd.	8	0	0
5	Sold for Cash, 2 pieces Irish Linen, each 30 yds. @ 1/3 p yd.	3	15	0
6	Bought of James Cooke, 35 pieces Calico, each 25 yds. @ 0/4 p yd.	14	11	8
7	James Cooke has drawn a Bill upon me @ 6 weeks for the Balance of his Account	26	11	8
15	Paid Thomas Jones on account	20	0	0
18	Sold James Cooke 10 pieces Irish Linen, each 30 yds. @ 1/4 p yd.	10	8	4

* Assets, all your available property.

† Liabilities, all that you owe.

Date.	January, 1868.	£	s.	d.
18	Sold Thomas Jones 20 pieces Calico, each 25 yds. @ 0/5 p yd.	20	0	0
„	I have drawn a Bill on James Cooke @ 6 weeks for the above, which he has accepted	20	0	0
25	Paid Sundry Expenses	1	6	0

THE JOURNAL.

The Journal records the same transactions as the Waste-Book, but differently expressed.

The object of the Journal is to facilitate the posting the items into the Ledger.

General Rule for Journalizing.

Every transaction involves or affects two Accounts, the Recipient, or receiving Account, and the Imparting, or giving Account.

1. The Recipient, or receiving Account, is always *Dr.*
2. The Imparting, or giving Account, is always *Cr.*
3. Therefore the Recipient, or receiving Account, is always *Dr.* to the Imparting, or giving Account.

The Stock or Capital Account is the Merchant's own Account, and his Assets or Property with which he begins business must be Journalized thus—

Assets (whatever they may be), *Dr. To Stock*;

and his *Liabilities*, or Debts, thus—

Stock, Dr. To Liabilities (whatever they may be).

Now proceed with the transactions in the following manner:—
Take, for example, the first transaction.

Bought of Thomas Jones 40 pieces Irish Linen, each
30 yds., @ 1/2 p yd. £70

Consider under what Heads or Accounts this transaction should be placed.

It should appear under Merchandise (*that is, Irish Linen*) and Personal (*that is, Thomas Jones*) Accounts.

Now it is evident that the thing received was *Irish Linen*, therefore *Irish Linen* will be *Dr.*, and *Thomas Jones*, the seller, will be *Cr.*; consequently the Journal entry will stand thus:—

Leger Folio.	Date.	January, 1868.	Drs.			Crs.		
			£	s.	d.	£	s.	d.
		Irish Linen <i>Dr.</i>	70	0	0			
2		To* Thomas Jones for 40 pieces				70	0	0

Again:—

Sold James Cook 4 pieces Irish Linen, each 30 yds., @
1/4 p yd. £8

In this transaction James Cooke was the receiver, and Irish Linen was imparted or sold to him; therefore the Journal entry will stand thus:—

Leger Folio.	Date.	January, 1868.	Drs.			Crs.		
			£	s.	d.	£	s.	d.
		James Cooke <i>Dr.</i>	8	0	0			
4		To Irish Linen, 4 pieces				8	0	0

Proceed to reason out the other Accounts in the same way.

* The word *To* placed before any item in the Journal signifies *Cr.*

JOURNAL.

Ledger Folio.	Date.	January, 1868.	Drs.			Crs.		
		ASSETS.	£	s.	d.	£	s.	d.
2 1	1	Cash To Stock or (Mr. A. B.)	500	0	0	500	0	0
		LIABILITY.						
1 2	1	Stock or (Mr. A. B.) To James Cooke	20	0	0	20	0	0
1 2	2	Irish Linen To Thomas Jones, for 40 pieces	70	0	0	70	0	0
2 1	4	James Cooke To Irish Linen, for 4 pieces	8	0	0	8	0	0
2 1	5	Cash To Irish Linen, for 2 pieces	3	15	0	3	15	0
1 2	6	Calico To James Cooke, for 35 pieces	14	11	8	14	11	8
2 2	7	James Cooke To Bills Payable	26	11	8	26	11	8
2 2	15	Thomas Jones To Cash	20	0	0	20	0	0
2 1	18	James Cooke To Irish Linen, for 10 pieces	20	0	0	20	0	0
2 1	18	Thomas Jones To Calico, for 20 pieces	10	8	4	10	8	4
2 2	18	Bills Receivable To James Cooke	20	0	0	20	0	0
		Carried forward	713	6	8	713	6	8

Ledger Folio.	Date.	January, 1868.	Drs.			Crs.		
			£	s.	d.	£	s.	d.
		Brought forward	713	6	8	713	6	8
1 2	25	Profit and Loss To Cash	1	6	0	1	6	0
		Amount of Month	714	12	8	714	12	8

By this arrangement the *Drs.* and *Crs.* check each other, and you will observe that the total amount of the *Drs.* will equal the total amount of the *Crs.*, and it is also a check upon the Trial Balance of the Ledger.

Another Form.

Drs.			Ledger Folio.	January 1, 1868.	Ledger Folio.	Crs.		
£	s.	d.				£	s.	d.
500	0	0	2	Cash Dr. to Stock (or A. B.) For all my Assets.	1	500	0	0
				1.				
20	0	0	1	Stock (or A. B.) Dr. to James Cooke For all that I owe.	2	20	0	0
				2.				
70	0	0	1	Irish Linen Dr. to Thomas Jones Bought of him 40 ps. each 30 yds. @ 1/2 p yd.	2	70	0	0
				4.				
8	0	0	2	James Cooke Dr. to Irish Linen Sold him 4 ps. each 30 yds. @ 1/4 p yd.	1	8	0	0
				5.				
3	15	0	2	Cash Dr. to Irish Linen For 2 ps. each 30 yds. @ 1/3 p yd.	1	3	15	0
				6.				
14	11	8	1	Calico Dr. to James Cooke Bought of him 35 ps. each 25 yds. @ 0/4 p yd.	2	14	11	8
				7.				
26	11	8	2	James Cooke Dr. to Bills Payable For a Bill drawn on me at 6 weeks.	2	26	11	8
642	18	4		Carried forward		642	18	4

Drs.			Leger Folio.	January, 1868.			Leger Folio.	Crs.		
£	s.	d.				£		£	s.	d.
642	18	4		Brought forward	£			642	18	4
				15.						
20	0	0	2	Thomas Jones Dr. to Cash		2	20	0	0	
				Paid him on account.						
				18.						
20	0	0	2	James Cooke Dr. to Irish Linen		1	20	0	0	
				Sold him 10 ps. each 30 yds. @ 1/4 p yd.						
				18.						
10	8	4	2	Thos. Jones Dr. to Calico		1	10	8	4	
				Sold him 20 ps. each 25 yds. @ 0/5 p yd.						
				18.						
20	0	0	2	Bills Receivable Dr. to James Cooke		2	20	0	0	
				Received his Acceptance @ 6 weeks.						
				25.						
1	6	0	1	Profit and Loss Dr. to Cash		2	1	6	0	
				Paid Sundry Expenses this Month.						
714	12	8		Amount of Month	£		714	12	8	

TO JOURNALIZE MONTHLY.

The following directions will enable the learner to arrange the entries in a more concise manner:—

To Journalize the Cash Account.

Cash Dr. to Sundries,
For all Receipts this Month; and

Sundries Dr. to Cash,
For all Payments this Month.

To Journalize the Merchandise.

Merchandise Dr. to Sundries,
For all Purchases this Month; and

Sundries Dr. to Merchandise,
For all Sales this Month.

To Journalize the Bill Book.

Bills Receivable Dr. to Sundries,
For the several Bills received this Month; and

Sundries Dr. to Bills Payable,
For all Bills issued or accepted this Month.

In each Account specifying particulars, sorting out and classifying items of the same kind together, so as to require but one posting for the Month. (See Ex. p. 64 to 73.)

MONTHLY JOURNAL.

Leger Folio.	Date.	January, 1868.			Drs.			Crs.		
					£	s.	d.	£	s.	d.
		*Stock Dr. to James Cooke			20	0	0	20	0	0
		For Amount due to him at this date								
		Cash Dr. to Sundries†			503	15	0			
		(For all Receipts this Month.)								
1		To Stock, or Mr. A. B.						500	0	0
5		To Merchandise						3	15	0
		Sundries Dr. to Cash						21	6	0
		(For all Payments this Month.)								
15		Thomas Jones			20	0	0			
25		Profit and Loss (Expenses)			1	6	0			
		Merchandise Dr. to Sundries			84	11	8			
		(For all Purchases this Month.)								
2		To Thomas Jones						70	0	0
6		To James Cooke						14	11	8
		Sundries Dr. to Merchandise						38	8	4
		(For all Sales this Month.)								
4		James Cooke			£8	0	0			
18		Do. do.			20	0	0			
18		Thomas Jones			28	0	0			
					10	8	4			
		Carried forward		£	668	1	0	668	1	0

* To Journalize your Inventory of Assets and Liabilities, see p. 30.

† The word Sundries is used to imply two or more persons or things.

Leger Folio.	Date.	January, 1868.	Drs.			Crs.				
			£	s.	d.	£	s.	d.		
		Brought forward	£	668	1	0	668	1	0	
18		Bills Receivable Dr. to James Cooke*		20	0	0				
		For his acceptance at 6 weeks					20	0	0	
7		*James Cooke, Dr. to Bills Payable						26	11	8
		Given him my Acceptance at 6 weeks		26	11	8				
		Amount of Month	£	714	12	8	714	12	8	

THE LEDGER.

The object of the Ledger is to collect the scattered items of the same kind from the Journal or primary books, and to place them under their respective heads or accounts. This Book will show (when properly adjusted) the Merchant's net Capital or Actual Worth, and also how he stands with regard to his Cash, Merchandise, Debtors and Creditors, and his Gains or Losses.

The Ledger is constructed upon the axiom, "*The whole* is equal to the sum of its parts," or, "All the parts taken together will equal the whole."

Your Assets, or Property (with which you begin business), are considered as the whole, and they are entered to the credit of the Stock Account (that is, your own account) in one sum. The different items that compose this sum are entered to the Debit of their respective accounts. Your Debts, or Liabilities (at the time you begin business), are entered to the Debit of the Stock Account, and the items of which they are composed are entered to the Credit of their respective accounts. The parts then taken together will equal the whole, and the amount of the *Drs.* and the amount of the *Crs.* will always be equal and check each other. This equality of the *Drs.* and *Crs.* is the Principle of Double Entry.

You will observe in this exercise that, on commencing, your Assets amounted to £500, which are entered to the Credit of Stock, and as it consisted of money only you entered the same sum to the Debit of the Cash Account, making the *Drs.* and *Crs.* equal.

Again; your debts at the same time amounted to £20, which are

* If two or more Bills had been received, or issued, the word *Sundries* should have been used (see directions, p. 68).

entered to the Debit of Stock, and also to the Credit of James Cooke, still keeping the *Drs.* and *Crs.* equal.

Again: Property in the course of business is continually changing: still the *Drs.* and *Crs.* will remain equal; for from the axioms, "If equals be added to equals the sums will be equal," or "If equals be taken from equals the remainders will be equal," it is evident that the equality of *Drs.* and *Crs.* must still exist. By this method of keeping your accounts the *Drs.* and *Crs.* are always equal, and they not only show your whole Capital, but also each of the parts of which that Capital is composed.

*Hints on Posting.**

Before you begin Posting, open the Accounts in the Ledger and make an Index.

To open an Account is to write its name for the first time in the Ledger.

The method of Posting, or collecting the items or facts from the Journal into the Ledger, is best shown by taking a few of the foregoing Journal entries and posting them into the Ledger.

Take, for example, the first—

Leger Folio.	Date.	January, 1868.	Dr.			Cr.		
			£	s.	d.	£	s.	d.
2	1	Cash Dr.	500	0	0			
1		To Stock				500	0	0

Now, in posting these items (that is, *Cash* and *Stock*), you first turn (by the help of the Index) to the Cash Account in the Ledger (marking in the Journal the folio of the Ledger in which you find the Cash Account), and as Cash is the recipient account, it is *Dr.*; therefore on the *Dr.* side of Cash Account you enter, *To Stock*, £500 (see Ledger, fol. 2); then proceeding as before, you turn to the *Stock* Account. Now as *Stock* is the imparting account, it is *Cr.*; therefore write on the *Cr.* side, *By Cash*, £500 (see Ledger, fol. 1).

Again:—

* Posting, registering; transcribing from one book to another.

Ledger Folio.	Date.	January, 1868.	Dr.			Cr.		
1	1	Stock Dr.	£	s.	d.	£	s.	d.
2		To James Cooke	20	0	0	20	0	0

Then proceeding as before, turn to Stock, and enter, on the *Dr.* side, "To James Cooke, £20;" then turn to James Cooke's account, and write on *Cr.* side, "By Stock, £20."

Take the next—

Ledger Folio.	Date.	January, 1868.	Dr.			Cr.		
1	1	Irish Linen... .. Dr.	£	s.	d.	£	s.	d.
2		To Thomas Jones, for 40 pieces	70	0	0	70	0	0

By the same process—

Turn to Irish Linen, and enter on the *Dr.* side, "To Thomas Jones, 40 pieces, £70;" then turn to Thomas Jones, and write on *Cr.* side, "By Irish Linen, £70;" and so on with all the rest.

You will observe by this method of Double Entry, that as every transaction involves two accounts, the *Drs.* and *Cr.*s. in the Ledger are always equal.

Index to the Ledger.

		Folio
B	{ Balance	4
	{ Bills Receivable	2
	{ Bills Payable	2
C	{ Calico	1
	{ Cash	2
	{ Cooke, James	2
I	{ Irish Linen	1
J	{ Jones, Thomas	2
P	{ Profit and Loss	1
S	{ Stock	1

(Folio 1.)

Dr.			Cr.		
STOCK.			STOCK.		
1	To James Cooke . . .	£ 20 0 0	1	By Cash	£ 500 0 0
	To Balance—my net Capital	484 10 8		By Profit and Loss—my net Gain	4 10 8
		£ 504 10 8			£ 504 10 8

Dr.			Cr.		
LOSSES.			GAINS.		
25	To Cash	1 6 0		By Irish Linen	3 15 0
	To Stock*—my net Gain	4 10 8		By Calico	2 1 8
		£ 5 16 8			£ 5 16 8

Dr.			Cr.		
BOUGHT.			SOLD.		
2	To T. Jones	40 1200 @ 1/2	4	By J. Cooke	4 120 @ 1/4
	To Profit and Loss—gained	3 15 0	5	By Cash ...	2 60 @ 1/3
		73 15 0	18	By J. Cooke	10 300 @ 1/4
				By Balance unsold	24 720 @ 1/2
					73 15 0

Dr.			Cr.		
CALICO.			CALICO.		
6	To J. Cooke	35 875 @ 0/4	18	By T. Jones	20 500 @ 0/5
	To Profit and Loss—gained	2 1 8		By Balance unsold	15 375 @ 0/4
		16 13 4			16 13 4

* The word Stock or Capital is used to signify that the net gain increases and becomes a part of your Capital or Stock, and is carried to the Assets on the *Cr.* side of the Stock Account; but if a net loss, it decreases it, and is entered on the *Dr.* side.

† In this Account the quantity bought was 40 pieces and the quantity sold 16 pieces; the difference will be 24 pieces unsold, which constitutes the Balance of the goods, and is entered on *Cr.* side; then the difference between the two sides will show a *Gain or Loss*; if a *Gain*, it will fall on the *Dr.* side, but if a *Loss* on the *Cr.* side.

(Folio 2.)

<i>Dr.</i>			CASH.			<i>Cr.</i>			
			£	s.	d.		£	s.	d.
1	To Stock	500	0	0	15	By Thomas Jones . .	20	0	0
5	To Irish Linen . .	3	15	0	25	By Profit and Loss . .	1	6	0
						By Balance in hand .	482	9	0
			£	503	15		£	503	15

Dr.			BILLS RECEIVABLE.			Cr.		
18	To J. Cooke . . .	20 0 0		By Balance in hand .	20 0 0			
		£ 20 0 0			£ 20 0 0			

<i>Dr.</i>		BILLS PAYABLE.				<i>Cr.</i>	
To Balance unredeemed	26 11 8	7	By James Cooke . .	26 11 8			
	£ 26 11 8			£ 26 11 8			

<i>Dr.</i>		JAMES COOKE.						<i>Cr.</i>		
4	To Irish Linen . . .	8	0	0	1	By Stock	20	0	0	
7	To Bills Payable . . .	26	11	8	6	By Calico	14	11	8	
18	To Irish Linen . . .	20	0	0	18	By Bills Receivable .	20	0	0	
		£	54	11	8		£	54	11	8

<i>Dr.</i>		THOMAS JONES.				<i>Cr.</i>			
15	To Cash	20	0	0	2	By Irish Linen . . .	70	0	0
18	To Calico	10	8	4					
	To Balance due to him	39	11	8					
		£	70	0	0		£	70	0

Before you adjust or balance the Accounts in the Ledger it is necessary to ascertain the accuracy of the Ledger entries, which is done by making what is called a *Trial Balance*, thus:—Prepare a sheet of paper in the following manner, writing the names of the Accounts in the middle, with the sums of the *Drs.* on the left and the sums of the *Crs.* on the right hand sides. Now if the items have been correctly posted, the total amount of the *Drs.* will equal the total amount of the *Crs.*

(Folio 3.)

<i>Drs.</i>			THE BALANCE.			<i>Crs.</i>			
£	s.	d.	Names of the Accounts.			£	s.	d.	
20	0	0	..	..	..	Stock	500	0	0
1	6	0	..	..	..	Profit and Loss			
70	0	0	..	..	..	Irish Linen	31	15	0
14	11	8	..	..	..	Calico	10	8	4
503	15	0	..	..	..	Cash	21	6	0
20	0	0	..	..	..	Bills Receivable			
			..	..	..	Bills Payable	26	11	8
54	11	8	..	..	..	James Cooke	54	11	8
30	8	4	..	..	..	Thomas Jones	70	0	0
£714	12	8					£714	12	8

Now this proof is evident, from the fact, that whatever was entered on the *Dr.* side of one account the same was entered on the *Cr.* side of some other account or accounts.

And it is also evident, from the same fact, that the total amount of the *Drs.* and *Crs.* of the Journal must agree with the total amount of the *Drs.* and *Crs.* of the Ledger.

NOTE.—This proof affords no check on the original entries in the subsidiary books. The principal cases in which errors can be committed in the Ledger, without effecting the equality of the Debtors and Creditors, are—

1. A Debit entry may be short-posted and another over-posted for the same amount.
2. A Credit entry may be short-posted and another over-posted for a like amount.
3. A Debit and Credit entry may be equally short-posted, equally over-posted, or wholly omitted.
4. Similar cases may occur in the addition as well as in the transfer of accounts.

ON CLOSING THE LEDGER.

Having proved the accuracy of the Ledger entries, you now proceed to balance or adjust all the accounts in the Ledger, leaving the *Stock*, *Profit and Loss*, and the *Balance* till the last.

Adjust or balance the accounts as shown in the beginning of the book (see pp. 6 to 12.)

Then proceed to make up the Profit and Loss Account, thus:—

1st. Examine the several Merchandise Accounts and see what gains you have made or what losses you have sustained.

2nd. If you have made a gain on any kind of Goods, carry it to the *Cr.* side of the Profit and Loss Account, but if you have sustained a loss, to the *Dr.* side (see Ledger, fol. 1).

3rd. The difference between the two sides will show a net gain or a net loss, as the case may be.

4th. If the difference is a net gain, it increases your capital and is carried to the *Cr.* of the Stock Account (see Ledger, fol. 1).

5th. If it is a net loss it decreases your capital, and is carried to the *Dr.* side of the Stock Account.

TO BALANCE THE STOCK ACCOUNT.

Having transferred the net gain or net loss, as before stated, to the Stock Account, then the difference between the two sides will show your net capital or actual worth.

TO MAKE THE BALANCE SHEET.

The Balance Sheet contains all the Assets and Liabilities as represented by the Balances of the different accounts in the Ledger.

The Assets, or effects, are entered on the *Dr.* side; the Liabilities or debts, on the *Cr.* side.

The difference between the amount of the *Dr.* side and the amount of the *Cr.* side, will show your net capital, or present worth, and, if the work is correct, will equal the Balance of the Stock Account.

(Folio 4.)

FORM OF BALANCE SHEET.

Dr.		ASSETS.		BALANCE.		LIABILITIES.		Cr.		
		£	s.	d.			£	s.	d.	
To	Irish Linen .. 24 ps.	42	0	0	By	Bills payable	26	11	8	
	" Calico 15 "	6	5	0		" Thomas Jones	39	11	8	
	" Cash in hand	482	9	0		" Stock, net value of				
	" Bills Receivable	20	0	0		my capital in busi-	484	10	8	
						ness at this date ..				
		£	550	14	0		£	550	14	0

ANOTHER METHOD.

Balance Sheet, January 30, 1868.

ASSETS.		Fol.	£	s.	d.	£	s.	d.
1. Stock of goods on hand, viz.:-								
Irish Linen, 24 ps. valued at	1	42	0	0				
Calico 15 "	1	6	5	0				
2. Debts due to A. B. (the Merchant)	2	20	0	0				
3. Bills Receivable	2	482	9	0				
4. Cash in hand at this date	2				550	14	0	
LIABILITIES.								
1. Bills Payable, outstanding	2	26	11	8				
2. Debts due by A. B. (the Merchant):								
To Thomas Jones	2	39	11	8	66	3	4	
Balance in favour of A. B. (the Merchant), showing his net Capital, as before					£	484	10	8

You will now observe that there are two ways by which you find your net capital or present worth, viz.:-

1st. The difference between the total amount of your assets and the total amount of your liabilities will show your net capital, or present worth, as shown in the Balance Account.

2nd. If to your actual worth or capital (with which you began business) you add your net gain or deduct your net loss, the result

will show your net capital, or present worth, as before shown, in the Stock Account (*see* Stock Account and Balance Account, Ledger, fol. 1 and 4).

By the following method, the state of any particular account, as well as the general result, may at any time be readily ascertained, without the trouble of closing or balancing the Ledger.

ANALYSIS OR ABSTRACT OF LEDGER.

CASH.		JAMES COOKE.	
Receipts	£503 15 0	I owe him	£54 11 8
Payments	21 6 0	He owes me	54 11 8
Cash in hand	£482 9 0	Balance due to or by me (as case may be)	
BILLS RECEIVABLE.		THOMAS JONES.	
Received	£20 0 0	I owe him	£70 0 0
Disposed of		He owes me	30 8 4
Amount of Bills in hand ..	£20 0 0	Balance due by me to T. J. ..	£39 11 8
BILLS PAYABLE.		CALICO.	
Issued	£26 11 8	Amount of Sales	£10 8 4
Redeemed		Calico on hand, valued at ..	6 5 0
Amount of Bills unpaid ..	£26 11 8		
IRISH LINEN.			
Amount of Sales	£31 15 0		
Irish Linen on hand, valued at	42 0 0		
	73 15 0		
Deduct cost	70 0 0	Deduct cost	14 11 8
Gain by Irish Linen	£3 15 0	Gain by Calico	£2 1 8
BALANCE SHEET.		GAINS.	
Assets.		By Irish Linen	£3 15 0
Irish Linen	£42 0 0	By Calico	2 1 8
Calico	6 5 0	Total Gains	£5 16 8
Bills Receivable	20 0 0		
Cash in hand	482 9 0	LOSSES.	
Total Assets	£550 14 0	To amount posted to P. & L.	£1 6 0
Liabilities.		Total Losses	1 6 0
Bills Payable	£26 11 8	Net Gain	£4 10 8
Thomas Jones	39 11 8		
Total Liabilities	66 3 4	Net Capital commencing ..	£480 0 0
Capital or present worth ..	£484 10 8	Add subsequent Gain	4 10 8
		Capital as before	£484 10 8

EXERCISES ON THE PRINCIPLE OF DOUBLE ENTRY.

The object aimed at in the following Exercises, is to place before the pupil a number of transactions in the simplest form, in order to enable him to Journalise and to Post the Ledger with facility, before he proceeds to the more difficult and complex parts.

EXERCISE 1.

Feb. 1, 1868. The following Assets and Liabilities are taken from the Balance Sheet of last month.

Assets.		£	s.	d.
Cash in hand at this date	.. ..	482	9	0
Irish Linen, 24 ps., each 30 yds., @ 1/2 p yd.	.. ..	42	0	0
Calico 15 " " 25 " @ 4d. "	.. ..	6	5	0
Bills Receivable, No. 1, due March 4	.. ..	20	0	0
Liabilities.				
Bills Payable, outstanding, No. 1	.. ..	26	11	8
Thomas Jones, due to him	.. ..	39	11	8
2. Bought for ready money 63 ps. Long Lawn, @ £2 16s. p p.	.. ..		
10. Bought of James Cummings 120 ps. Corduroys, @ 36/6 p p.	.. ..		
12. Given Thomas Jones my Promissory Note, at 6 weeks, for the Balance of his Account	.. ..		
13. Sold Thomas Jones 20 ps. Irish Linen, each 30 yds., @ 1/4 p yd.	.. ..		
14. Sold for Cash 4 ps. Calico, each 25 yds., @ 5d. p yd.	.. ..		
.. Sold for Cash 4 ps. Irish Linen, each 30 yds., @ 1/4 p yd.	.. ..		
15. Sold for Cash 100 ps. Corduroys, at 30/. p p	.. ..		
16. James Cummings has drawn a Bill on me at 2 months for the Corduroys bought of him on the 10th	.. ..		
17. Bought of Richard Hamilton 26 ps. Druggets, @ £6 10s. p p.	.. ..		
18. Sold for Cash 9 ps. Calico, each 25 yds., @ 5 1/4d. p yd.	.. ..		
19. Sold James Cummings, 12 ps. Druggets, @ £7 p p.	.. ..		
20. Sold Richard Hamilton 30 ps. Long Lawn, @ £3 10s. p p.	.. ..		
21. Sold Thomas Jones 25 ps. Long Lawn, @ £3 15s. p p.	.. ..		
.. Paid Richard Hamilton on Account	.. ..	30	0	0
23. Sold Williams & Co. 15 ps. Corduroys, @ 36/6 p p., and received his Bill at 6 weeks for the amount	.. ..		

NOTE.—The Pupil should rule books himself, and make a Day-Book, Journal, and Ledger, from the above transactions in the same form as shown in the preceding exercise.

Feb. 23. Given Richard Hamilton my Bill on Williams & Co. in part payment of his Account	£	s.	d.
24. Sold Russell & Co. 12 ps. Druggets, @ £6 15s. p p., and received his Bill on Wilson & Co. for the amount	..	..	..
25. Sold for Cash 2 ps. Druggets, £7 p p.	..	..	..
26. Paid Porter's Wages and other expenses*	12	15	0
27. Sold the remainder of the Long Lawn, @ £3 15s. p p., to Russell & Co. and received their Promissory Note at 3 weeks	..	..	..

Make a Day-Book, Journal, and Ledger out of the above transactions; find the gain or loss and your net capital.

EXERCISE 2.

Mar. 1, 1868. An inventory of my property and debts with which I begin business.

My available property—†		£	s.	d.
Cash in hand	.. ..	1500	0	0
4 Pipes of Port Wine, @ £70 p pipe	.. ..		
144 Doz. Cape Wine, @ 25/. p doz.	.. ..		
48 " Sherry, @ 45/. "	.. ..		
5 Casks Brandy, each 18 galls., @ 22/6 p gall.	.. ..		
John Simmons owes me	.. ..	35	8	6
William Pemberton ditto	.. ..	75	0	0
Bills Receivable, No. 5, on Charles Hammond, due Mar. 15	.. ..	87	0	0
Ditto No. 6, on Raymond & Co., due Mar. 26	.. ..	54	17	6
I owe as follows—				
Bills Payable, No. 9, due Mar. 19	.. ..	105	0	0
Ditto No. 10 " 25	.. ..	63	12	4
John Mills, due to him	.. ..	37	0	0
Henry Hill ditto	.. ..	57	16	6

Mar. 2. Sold Henry Hill 1 Pipe Port Wine, @ £76 p pipe	.. ..		
3. Bought of John Simmons, 50 doz. Old Port Wine, @ 60/. p doz., and gave him my Draft at 2 months for the amount	.. ..		
4. Sold William Pemberton 2 Casks Brandy, at 26/6 p gall.	.. ..		

* All cases of this kind, in which you pay money without receiving any direct return, are considered losses, and are Journalised thus—

Profit and Loss Dr. to Cash.

† Your Assets and Liabilities are Journalised thus—

The Assets (stating particulars) Dr. to Stock (the whole amount).
Stock (the whole amount) Dr. to Liabilities (stating particulars).

	£	s.	d.
Mar. 5. Charles Hammond has purchased 2 Casks Brandy, @ 27/6 p gall., and has given me his Promissory Note at 30 days for the same			
8. Sold for Cash 1 Cask Brandy, @ 25/. p gall. ..			
„ I have drawn a Bill at 3 months on William Pemberton for what he owes me			
9. Bought of John Mills 2 Casks Brandy, each 36 galls., @ 20/. p gall., and gave him my Acceptance at 2 months for the same ..			
12. Sold for Cash 10 Galls. Brandy, @ 26/. p gall. ..			
„ Sold Charles Hammond 12 doz. Sherry, @ 54/. p doz.			
„ Bought at Public Sale 24 doz. Sherry, @ 48/. p doz., and 1 Cask of Brandy, 18 galls., @ 18/. p gall., and paid for the same in Cash			
13. Bought of Henry Hill 10 doz. Sherry, @ 32/. p doz.			
15. Charles Hammond has paid his Bill, No. 5, due this day	87	0	0
16. Sold John Simmons 12 doz. Cape Wine, @ 30/. p doz.			
17. Sold Charles Hammond the Sherry and Brandy bought at Public Sale at an advance of 25 % profit, and received his Acceptance for the same			
18. Allowed William Pemberton for short measure, at regauge on the 2 Casks Brandy sold him on the 4th, 1½ galls., @ 26/6 p gall ..			
19. I have taken up my Bill, No. 9, due this day ..	105	0	0
20. Sold 15 doz. Cape Wine to Charles Hammond, @ 27/6 p doz.			
23. Sold for Cash 6 doz. Old Port, @ 70/. p doz.			
24. Sold Raymond & Co. 12 doz. Old Port, @ 70/. p doz.			
25. Paid my Acceptance, due this day, No. 10 ..	63	12	4
26. Raymond & Co. have taken up their Bill, No. 6, due this day	54	17	6
28. Paid Clerk 1 month's Salary	8	6	8
„ Paid 1 quarter's Rent for Office and Cellars ..	45	0	0
29. Sold for Cash 4 doz. Old Port, @ 70/. p doz. ..			
30. Paid Porter's Wages, Cartage, and other expenses	10	16	6

Make a Day-Book, Journalise the transactions, Post them into the Ledger, and find your gains or losses, and your net Capital.

	£	s.	d.
EXERCISE 3.			
Apr. 1, 1868. Cash in hand at this date	120	0	0
And at Banker's (Union Bank)	1385	0	0
Goods on hand—			
Congou Tea, 20 Chests, each 60 lbs., @ 2/8 p lb.			
Hyson Tea, 14 „ „ 10 „ @ 4/6 „			
Sugar, 4 hhds. each 15 cwt. net, @ 38/. p cwt.			
Mocha Coffee, 27 Bags, each 56 lbs., @ 1/2 p lb.			
Bills in hand—			
Bills Receivable—No. 10, on Thomas Harrison, due April 7	120	14	6
Ditto No. 11, on George Dawson, due April 21	89	19	6
Ditto No. 12, on Abrahams & Co., due May 7	57	10	0
William Banister owes me	175	7	9
I owe as follows—			
Bills Payable—No. 8, due April 10	77	10	0
Ditto No. 7 „ „ 18	204	14	2
John Roberts, due to him	150	0	0
Simpson & Co., due to them	39	18	6
Apr. 2. William Banister has settled his Account as follows—*			
A bill on Jones & Co. @ 2 months	127	7	9
The remainder in Cash			
3. I have given John Roberts a Bill @ 2 months, on Jones & Co., £125 7s. 9d., and the rest in Cash, in settlement of his Account			
7. Sold William Banister 10 Chests Congou Tea, each 60 lbs., and received as follows—			
A Bill on Thomas & Co. @ 6 weeks	65	0	0
The remainder in Cash			
„ Thomas Harrison has taken up his Bill, No. 10, due this day			
9. Simpson & Co. have bought 10 Chests Hyson Tea, each 10 lbs., @ 5/6 p lb.			
10. Sold for Cash 2 hhds. Sugar, each 15 cwt. net, @ 45/. p cwt.	77	10	0
„ I have taken up my Bill, No. 8, due this day ..			
* In this Account Bills Receivable and Cash were received:—			
Bills Receivable will be .. Dr. £125 7 9			
And Cash will be .. Dr. 50 0 0			
To William Banister.	£175	7	9

The next transaction, J. Roberts is the recipient Account, and the Bill and Cash the Imparting Account.

Apr. 12. Sold Simpson & Co. 12 Bags Mocha Coffee, each 56 lbs., @ 1/2 p lb., slightly damaged ..	£	s.	d.
15. Sold Thomas Harrison 5 Chests Congou Tea, each 60 lbs., @ 4/6 p lb., and received from him a Bill @ 6 weeks on Raymond & Co. for £57 10s. and the Balance in Cash ..			
17. Bought of William Banister 3 hhds. Sugar, each 16½ cwt. net, @ 32/6 p cwt. ..			
18. Paid Clerk's Salary p Cheque on Union Bank ..	10	10	0
„ My Bill, No. 7, due this day, payable at the Union Bank, has been duly honoured ..	204	14	2
19. Paid into the Union Bank, to be placed to my Credit, viz.—			
Cash	£50	0	0
A Bill on Thomas & Co. @			
6 weeks, No. 11	65	0	0
Ditto Raymond & Co., @			
6 weeks, No. 12	57	10	0
20. Sold for Cash 5 Bags Mocha Coffee, each 56 lbs., @ 1/1 p lb., slightly damaged ..			
21. George Dawson has taken up his Bill due this day	89	19	6
23. Sold 2 hhds. Sugar, each 15 cwt. net, @ 39/6 p cwt., to Simpson & Co. ..			
24. Paid House Expenses, &c.	25	18	6
25. Lost a Bank Note for	10	0	0
27. Sold George Dawson 5 Bags Mocha Coffee, each 56 lbs., @ 11d. p lb., damaged, for Cash ..			
28. Sold George Dawson 3 Chests Hyson Tea, each 10 lbs., at 5/6 p lb., for Cash ..			
29. Paid House Rent, 1 quarter, due March 25, by Cheque on Union Bank	10	10	0
30. Paid 1 quarter's Poor Rate	0	18	8

Make a Day-Book out of the above transactions, Journalise them, and post them into the Ledger; find your gains and losses and your net capital.

NOTES.—1. If you open a Bank Account in your Ledger, Debit the Bank for all sums you pay in, and Credit it for all sums you draw out.

2. All sums paid away for which you get no direct return, such as house-rent, clerk's salary, money lost, and the like, are placed to the Debit of Profit and Loss.

3. All clear gains are entered to the Credit of Profit and Loss.

As a general rule for Journalising the above, in all cases when it is a loss, say—Profit and Loss *Dr.* to Cash.

And in all cases where it is a gain, say—

Cash *Dr.* to Profit and Loss.

QUESTIONS FOR EXAMINATION.

1. What is the meaning of the terms "Debit" and "Credit"?
2. Which side of an Account-Book is allotted to Debit Account and which to Credit Account?
3. What is an Account?
4. What is the Balance of an Account?
5. On which side of a Cash-Book must the Balance (if any) always fall?
6. What is Book-keeping by Double Entry, and why is it so called?
7. What is the least number of books used in Double Entry?
8. At the end of the year a merchant closes his Ledger: describe the process.
9. How should Merchandise Accounts be closed?
10. How would you close the Profit and Loss Account?
11. How would you close the Stock Account?
12. Describe the process of making the Balance Sheet.
13. What does the Stock or Capital Account represent?
14. What does Stock contain on the *Dr.* and *Cr.* sides?
15. What does the Balance of Stock show?
16. When the Profit and Loss Account is properly adjusted, what does it show?
17. To what Account is the difference of Profit and Loss carried at balancing?
18. Give the rule for Journalizing.
19. Explain how you would arrange a Cash-Book.
20. What is the object of a Cash Account?
21. What is the object of a Personal Account?
22. In a Personal Account what is entered on the *Dr.* side, what on the *Cr.* side, and what will the Balance show?
23. How do you Journalize your Assets on commencing?
24. How do you Journalize your Liabilities on commencing?
25. What is the Waste or Day-Book?
26. What is the Journal?

EXERCISE 4.

May 1, 1868. Inventory of Money, Goods, and Debts belonging to me, A. B., and also what I owe:—

<i>Assets.</i>	£	s.	d.
Cash in hand	1500	0	0
Sugar, 10 hhds., each 12 cwt., @ £2 15s. p cwt. ..	330	0	0
Bills Receivable—No. 1, due May 20	350	0	0
Henry Palmer owes me	250	0	0

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<i>Liabilities.</i>		£	s.	d.
Bills Payable—to T. Timms, No. 1, due May 28		400	0	0
Hindle & Co., due to them		204	0	0
Chambers & Co., ditto		125	0	0
May 2. Bought for Cash 60 ps. Linen, each 25 yds., @ 1/4 p yd.				
3. Sold for Cash 4 hhds. Sugar, each 12 cwt., @ £3 3s. p cwt.				
5. Bought of Henry Palmer 12 ps. Cloth, each 25 yds., @ 13/4 p yd.				
7. Sold Hindle & Co., 25 ps. Linen, each 25 yds., @ 1/6 p yd.				
10.* Sold George Randle 9 ps. Cloth, each 25 yds., @ 16/ p yd., and received his Promissory Note at 21 days for £90 and the remainder in Cash				
11. Bought of Johnson & James 86 ps. Calico, each 23 yds., @ 9d. p yd., for which I gave them my Promissory Note at 21 days for the amount				
12. Sold Jones & Lewis the following Goods— 10 ps. Linen, each 25 yds., @ 1/8 p yd. 1 hhd. Sugar, wt. 12 cwt. net. 3 ps. Cloth, 75 yds., @ 15/6 p yd. For which I have received their Bill at 2 months.		37	16	0
14. Advanced Hindle & Co., on account		100	0	0
16. I have drawn a Bill upon Henry Palmer, at 2 months, for the balance of his Account				
17. I have given Hindle & Co. my Promissory Note at 6 weeks for the balance of their Account				
20. Bills Receivable—No. 1, due this day, has been duly honoured		350	0	0
21. Received a Legacy of		100	0	0
22. Lost a Bank Note, value		20	0	0
23. Paid Chambers & Co.'s Account, £ , for which they allow me 1 month's Discount, @ 5 % †				

* In this transaction, a Bill and Cash were received, and goods delivered. Debit the Bill and Cash, and Credit the goods, thus—

Bills Receivable	Dr. £90	0	0
Cash	Dr. 90	0	0

To Cloth, 9 pieces £180 0 0

† The discount allowed you is a clear gain, therefore place it to the Cr. of Profit and Loss: thus—

Chambers & Co.	Dr. £125	0	0
To Cash (less discount)		124	9 7
To Profit and Loss (for discount)			0 10 5

May 26. Sold for Cash 30 ps. Calico, each 23 yds., @ 10d. p yd.	£	s.	d.
27. Sold the remainder of the Sugar, at £3 p cwt., to Hindle & Co.			
28. I have taken up my Bill, No. 1, due this day	400	0	0
29. Paid sundry expenses this month, p P.C.B.	34	17	9
30. Paid Clerk 1 month's Salary	10	10	0
Journalize these transactions, post them into the Ledger, find your gains or losses, and your actual worth.			

EXERCISE 5.

June 1, 1868. Commenced business this day with a capital of £2000, viz.—	£	s.	d.
Cash in hand	250	10	6
At Banker's (London and Westminster)	1749	9	6
2. Bought 79 Pigs of Lead, each 4½ cwt., @ £21 p fother,* of Horne and Jones, and paid them as follows— My acceptance at 3 months, No. 1, £300 Cash for the balance			
3. Bought of Payne & Co. 12 Pockets Kentish Hops, each 3½ cwt. net, @ £4 5s. p cwt., and gave them a cheque for the amount			
4. Lent James Hannan, for 15 days, @ 5 % Interest	50	0	0
5. Bought at Public Sale 5 hhds. Tobacco, each 14 cwt. gross, tare 1½ lbs. p cwt., @ £10 16s. p cwt., and gave my Draft for the amount at 3 months			
6. I have discounted a Bill for James Hannan, drawn by Wilson & Co. on Horne & Jones, at 3 months, for £135, and given him— Cash Less discount, at @ 5 %			
7. Sold Manners & Co. 2 hhds. Tobacco, each 14 cwt. gross, tare 14 lbs. p cwt., @ £12 p cwt. net, and received in payment a Bill at 2 months on Charles Brown			
8. Sold Barclay & Co. 8 Pockets Hops, each 3½ cwt. net, @ £5 p cwt.			
9. Sold John Smith 37 Pigs Lead, each 4½ cwt., @ £22 p fother, and received payment as follows— Cash in part His Draft at 2 months for the rest		£50	0 0
12. Sold Barclay & Co. 2 Pockets Hops, each 3½ cwt., @ £5 p cwt.			
* A Fother of Lead = 19½ cwt.			

	£	s.	d.
June 13. Barclay & Co. have given me a Bill at 6 weeks on Armstrong & Co. for the amount of their Account			
„ Bought of Edwards & Son a quantity of Block Tin, wt. 27 cwt. 2 qrs., @ £5 6s. 8d. p cwt.			
14. Sold for Cash 1 hhd. Tobacco, 14 cwt. gross, tare 14 lbs. p cwt., @ £12 10s. p cwt. net.			
15. Sold the remainder of Tobacco @ £11 15s. p cwt. net, for ready money			
16. Bought of Payne & Co. 20 Pockets Kentish Hops, each 3½ cwt. net, at £5 per cwt., and settled for them as follows— My Acceptance at 3 months .. £250 0 0 The balance by Cheque (on L. & W. Bank)			
17. Received from James Hannan the money I lent him, viz.— Cash £50 0 0 15 days' interest @ 5%			
19. Sold Barclay & Co. 10 Pockets Kentish Hops, each 3½ cwt. net, @ £6 10s. p cwt.			
20. Sold Reid & Co. 5 Pockets Kentish Hops, each 3½ cwt. net, @ £7 p cwt., allowing 2½% for prompt payment			
21. Sold James Smith, Block Tin weighing 19 cwt., @ £6 p cwt., and received in payment his Promissory Note at 1 month			
22. Drawn a Cheque on Bank for P.C.B.	10	10	6
23. Petty Cash Payments this month p P.C.B.	14	17	6
24. Lent James Hannan, on Warrant Demarara Cotton, p "Jane," @ 7½%	260	0	0
„ Drew a Cheque for the same (L. & W. Bank)			
25. Paid into London and Westminster Bank, to be placed to my credit, viz.— Cash 100 0 0 A Bill on Armstrong & Co. £175 0 0 Ditto Charles Brown .. 294 0 0 James Smith's Promissory Note 114 0 0 A Bill on Horne & Jones .. 135 0 0			
26. Paid John Brown for new Desk	718	0	0
28. Paid Clerk 1 month's Salary	12	15	0
30. Sold Reid & Co. 5 Pockets Kentish Hops, each 3½ cwt. net, @ £7 p cwt.	6	10	0
Required the gain or loss and net capital.			

QUESTIONS FOR EXAMINATION.

1. Upon what principle is Double Entry founded?
2. How many books are necessary in the most simple form of Double Entry? and state the purposes which each book is intended to answer.
3. What are the two first entries made in the Journal by a merchant on commencing business?
4. Into how many parts is the Ledger divided?
5. What Accounts form the first part of the Ledger, and what the second?
6. What object is the balancing the Accounts in the Ledger intended to accomplish?
7. When you have posted all the Accounts in the Ledger, what proof have you that it is correct?
8. If a merchant becomes insolvent, in what Account would that result appear?

EXERCISE 6.

July 1, 1868. The following is an Inventory of my Assets and Liabilities, taken from the Balance Sheet of last month:—

Assets.	£	s.	d.
Cash in hand	512	15	5½
Ditto at Banker's (London and Westminster) ..	2043	9	0
Kentish Hops, 2 Pockets, each 3½ cwt., @ £7 p cwt.	49	0	0
Lead, 42 Pigs, each 4½ cwt., @ £22 p fother ..	213	4	7½
Block Tin, 8½ cwt., @ £6 p cwt.	51	0	0
Bills Receivable amounting to as p B.R. ..	137	16	11
James Hannan owes me, @ 7½%	260	0	0
Barclay & Co. ditto	211	5	0
Reid & Co. ditto	113	15	0

Liabilities.

Bills Payable amounting to as p B.P. ..	1211	10	0
Edwards & Sons, due to them	146	13	4
July 4. Received from Anthony Selwood, of St. Ubes, Invoice of 36 Tons of Salt, @ £5 per ton, shipped p the "Mermaid"			
5. Received from Richards & Manners, of New York, 60 Casks of Pot and 45 Casks of Pearl Ashes, agreeably to my order, amounting, as p Invoice, to \$ 1713 9 cents, @ 4/6 p \$			
6. Sold Horne & Jones 20 Tons Salt, @ £5 15s. p ton			

July 7. Bought of Payne & Co. 5 Puncheons Malt Whiskey, 280 galls., @ 5/6 p gall., storage charged thereon 22/. (in Bond)	£	s.	d.
10. The "William and Mary" is arrived from Rotterdam, and has brought me 8 Casks Madder, from Spence & Co., p my order, as p Invoice	272	8	3
11. Sold Payne & Co. 30 Casks Pot Ashes, @ £4 10s. p cask			
12. Sold James Hannan 20 Casks Pearl Ashes, @ £5 5s. p cask			
13. Sold Edwards & Sons 10 Tons salt, @ £5 10s. p ton			
14. Horne & Jones have bought the Madder, p the "William and Mary" (they paying Dock dues and all other expenses), for ..	300	0	0
15. Received this day from Warre & Co., of Oporto, Invoice of 12 Quarter-casks of Red Port Wine, shipped on board the brig "Admiral Nelson," Thomas Striner, Master, for London, by my order, and for my account and risk*			

Brand Mark.				
WB	12 Qr. Casks Red Port Wine, @ £40 p pipe, } on board }	£ 120	0	0
	At Nine Months' Credit,† Oporto, 5th July, 1863.			
E. E.	WARRE & Co.			

July 16. Received from Horne & Jones, in payment of the Salt sold them on the 6th—
Jas. Wood's Promissory Note
at 31 days, due Aug. 4 .. £95 10 6
Cash, for balance

* This is an Invoice of Wine sent, by your order, stating kind, quantity, and value. As soon as you receive advice that the goods are sent off to you they are yours.

† The Journal entry will stand thus:—Red Port Wine Dr. to Warre & Co.
When you send them your acceptance for nine months in payment, say—
Warre & Co. Dr. to Bills Payable.

† Nine months' credit means a Bill at nine months.

July 18. The "Admiral Nelson" has arrived, and landed the Wine ordered from Warre & Co., of Oporto. Paid freight and other charges	£	s.	d.
20. Sent Warre & Co., of Oporto, my Acceptance at 9 months for the Wine received p the "Admiral Nelson"	20	18	6
21. Sold Edwards & Son 6 Tons Salt, @ £5 10s. p ton			
22. Sold Payne & Co. 30 Casks Pot Ashes, @ £4 15s. p cask			
23. Sold James Hannan 25 Casks Pearl Ashes, @ £5 15s. p cask			
24. Sold Barclay & Co. 2 Pockets Kentish Hops, each 3½ cwt., @ £7 p cwt.			
25. Sold James Smith 42 Pigs Lead, each 4½ cwt., @ £22 10s. p fother			
26. Sold for Cash 8½ cwt. Block Tin, @ £6 10s. p cwt.			
27. I have discounted Horne and Jones's Bill on me dated June 2, at 3 months, £300, @ 6 % Cash, by Cheque (on L. & W. Bank)	£298	0	6½
Interest for discount	1	19	5½
	300	0	0
30. Paid sundry expenses this month p P.C.B. ..	47	16	4
Required your net capital and your gains or losses.			

EXERCISE 7.

Aug. 1, 1868. The following is an inventory of my Assets and Liabilities:—

	Assets.	£	s.	d.
Cash in hand .. ..	..	280	0	0
At Banker's (London and Westminster) ..	..	620	0	0
Bills Receivable—No. 10, due Oct. 1, on Thos. Jones	£350	0	0	
Sugar, 10 hhds., each 12 cwt., @ £2 15s. p cwt. ..	330	0	0	
Henry Hollington, due by him	250	0	0	
		930	0	0
	Liabilities.			
Bills Payable—No 12, due Sept. 28, drawn by Thomas Cox	£400	0	0	
Thomas Hutchinson, due to him	204	10	0	
Charles Cummings, ditto	25	10	0	
		630	0	0

Transactions.

	£	s.	d.
Aug. 2. Bought for Cash, \pounds Cheque, 60 ps. Linen, each 25 yds. @ $3\frac{1}{4}$ \pounds yd.			
3. Sold for Cash 4 hhds. Sugar, each 12 cwt., @ $\pounds 3$ 3s. \pounds cwt.			
4. Bought of Henry Hollington 12 ps. Cloth, each 25 yds., @ $13\frac{1}{4}$ \pounds yd.			
6. Sold Thomas Hutchinson 25 ps. Linen, each 25 yds., @ $4\frac{1}{2}$ \pounds yd.			
7.* Sold William Robertson 9 ps. Cloth, each 25 yds., @ $16\frac{1}{2}$ \pounds yd., and received of him as follows—			
His Acceptance at 2 months	£90	0	0
Cash for the balance			
		180	0 0
8. Bought of Charles Jameson 80 ps. Calico, each 23 yds., @ $1\frac{1}{3}$ \pounds yd.			
Paid him as follows—			
My Promissory Note at 30 days	£70	0	0
Cash for the balance (\pounds Cheque)	45	0	0
		115	0 0
9.† Sold Thomas Jellico the following goods—			
10 ps. Linen @ $\pounds 5$ \pounds p.	£		
1 hhd. Sugar	37	16	0
3 ps. Cloth, 75 yds., @ $15\frac{1}{6}$ \pounds yd.			
Received in part as follows—			
Cash	£63	0	0
Bills Receivable, No. 12, due Oct. 3, on Kingdon & Co.	50	0	0
		113	0 0
10. Advanced (\pounds Cheque) to Thomas Hutchinson, on Account			
12. Paid into the London and Westminster Bank, to be placed to my credit, viz.—			
Cash	£300	0	0
2 Bills, Nos. 11 & 12	140	0	0
		440	0 0

* In this transaction you have received a part by Bill and the rest in Cash, and delivered the Cloth; therefore *Debit* the Bill and Cash, and *Credit* the Cloth.

† This transaction requires two Journal entries:—

- 1st. *Debit* Thomas Jellico for the Goods.
- 2nd. *Debit* the Cash and Bill to Thomas Jellico.

	£	s.	d.
Aug. 13. Received for the use of Henry Hollington, £2500, which I have remitted to him, deducting $\frac{1}{2}$ % commission*			
14. Bought of William Billington the following Goods, at 2 months' Credit, viz.†—			
2 Puncheons Rum, @ $\pounds 50$ each	£		
12 hhds. British Spirits, @ $\pounds 45$ \pounds hhd.			
1 Pipe Port Wine	75	0	0

Shipped the above Goods on board the "Prince," George Hind, Master, for New York, for the account and risk of George Mullings, Merchant there, as \pounds Invoice rendered—

Merchandise	£		
Charges of Shipping, Insurance, &c.	23	10	0
Commission at $2\frac{1}{2}$ %			
		756	19 3
15. Received a Legacy of			100 0 0
16. Paid William Billington for Goods bought of him on the 14th, he allowing me 5 % discount for 2 months, viz.†—			
Cash	£		
Discount allowed			
17. Sold for Cash 30 ps. Calico, each 23 yds., @ $1\frac{1}{6}$ \pounds yd.			
20. Sold Charles Jameson 3 hhds. Sugar, wt. 36 cwt., @ $\pounds 3$ 8s. 4d. \pounds cwt.			
22. Lost a Bank Note of			20 0 0
23. Received per the "Royal Oak," from Amsterdam, 4 Pipes Olive Oil, to sell for the account of George Mullins.§			

* This is a Commission Account where you receive money for the use of another, and for which you charge a commission which is a clear gain; therefore *Debit* the Cash received thus—

Cash *Dr.* to Commission; or, (To Profit and Loss for Commission).

† This transaction requires two entries:—

- 1st. *Debit* the goods received, *Credit* W. Billington for goods.
- 2nd. *Debit* George Mullings for the goods, charges, and commission.

‡ In this case *Debit* W. Billington to Cash and to Profit and Loss (for discount).

§ This is an Account Sales (see Sales Book, page 72), Journalized thus—

- 1st. Olive Oil, \pounds Royal Oak, *Dr.* to charges, commission, and net proceeds.
- 2nd. Thomas Hutchinson and Cash *Dr.* to Olive Oil, \pounds Royal Oak.

Sold Thomas Hutchinson 2 Pipes of the above, at 2 months' Credit	£68 0 0	
Sold the other 2 Pipes for Cash	64 10 0	
	<hr/>	132 10 0
Commission on ditto, @ 2½ % ..	£	
Paid Charges at landing, &c. ..	22 10 0	
Due to George Mullins, for net proceeds of the above Oil, as per Account Sales rendered		
Aug. 24. Sold Charles Cummings 30 ps. Calico, each 23 yds., @ 1/5 per yd.		
25. Sold Charles Cummings 1 hhd. Sugar, wt. 12 cwt., @ £3 3s. 4d.		
27. Sold for Cash 20 ps. Calico, each 23 yds., @ 1/4 per yd.		
28. Sold Charles Jameson 20 ps. Linen, 500 yds., @ 4/ per yd.		
29. Discounted Thomas Jones's Bill £350 0 0	£350 0 0	
Discount allowed by me	1 9 2	
	<hr/>	348 10 10
30. Received by this day's Post, from Amsterdam, a Bill on Raymond & Co. for the account of George Mullins, due Oct. 4		965 10 0
31. I have taken up my Bill in favour of T. Cox, due Sept. 28		
Cash paid him	£398 3 4	
Discount allowed by him	1 16 8	
	<hr/>	400 0 0
Paid sundry expenses this month, per P.C.B. ..	72 10 8	
Sept. 1. Discounted at the Bank George Mullins' Bill, due Oct. 4	£965 10 0	
Discount for 34 days, @ 5 %	4 10 0	
	<hr/>	961 0 0
3. Bought of David Fuller, of Manchester, the following goods—		
56 ps. Dimities, each 56 yds., @ 1/8 per yd.		
35 ps. Muslinets, each 55 yds., @ 1/6 per yd.		
28 ps. Quiltings, each 35 yds., @ 3/6 per yd.		
5. Received from Manchester, Goods to sell for the account of David Fuller, amounting, as per B.P. to £500, for which I charge him 2½ % commission.*		

* This Account requires two entries:—1st. Merchandise Dr. to David Fuller.
2nd. David Fuller Dr. to Commission.

Sept. 6. Bought of Charles Jameson 10 Bags of Cotton, amounting, as per Broker's Bill, to	£	s.	d.
	354	10	0
7. Sent by Rail to Manchester the above Cotton, to David Fuller, for his account, as follows—			
10 Bags Cotton, amounting to	£354	10	0
Charges on ditto	4	10	0
Commission @ 2½ %			
9. I have given Charles Jameson my Acceptance at 2 months, in favour of Charles Goodwin, for the balance of his Account			
11. Shipped on board the "Sally," Peter Gray, Master, for Amsterdam, sundry Goods received on the 5th, from David Fuller, and consigned to George Mullins, for his account and risk—			
Merchandise, as per B.P.	£500	0	0
Charges on ditto	3	10	0
Commission @ 2½ %			
12. Sold Thomas Jellicoe the following Goods—			
20 ps. Dimities, each 56 yds., @ 2/ per yd. ..			
12 " Muslinets " 55 " " 1/10 " ..			
12 " Quiltings " 35 " " 4/ " ..			
15. Bought for Cash (per Cheque) 2 Pipes Port Wine, @ £70 per pipe	£140	0	0
Paid Cartage, &c.	2	14	0
	<hr/>	142	14 0
16. Sold for Cash the following Goods—			
36 ps. Dimities, each 56 yds., @ 2/ per yd. ..			
23 " Muslinets " 55 " " 1/10 " ..			
16 " Quiltings " 35 " " 4/ " ..			
17. Bought of Henry Smithson 3 Trusses of Scarlet Cloth as follows—			
No. 1. 6 ps. Superfine, each 40 yds., @ 24/ per yd.			
No. 2. 6 ps. Seconds, each 40 yds., @ 15/ per yd.			
No. 3. 6 ps. Cloakings, each 40 yds., @ 9/6 per yd.			
18. Bought for Cash (per Cheque) 3 Bags Cochineal, each 150 lbs., @ 24/ per lb., for Henry Smithson, which I have sent to him, charging him 2½ % Commission*			
19. Paid into the London and Westminster Bank, to be placed to my Credit	500	0	0

* In this Account, Debit Henry Smithson, for the cash and commission.

- Sept. 21. Sold for Cash the following Scarlet Cloth— £ s. d.
- | | | | |
|---|--|--|--|
| 3 ps. Superfine, each 40 yds., @ 28/. ½ yd. | | | |
| 3 „ Seconds „ 40 „ „ 17/6 „ | | | |
| 3 „ Cloakings „ 40 „ „ 11/6 „ | | | |
22. Thomas Hutchinson being declared Insolvent, and his creditors having agreed to take 15/. in the pound, I have received my Dividend, on his Debt of £93, amounting to*
24. Charles Cummings has given me his Acceptance, at 30 days, for the balance of his Account
26. Sold Samuel Snell 2 Pipes Port Wine @ £75 ½ Pipe, and he has paid as follows—
- | | | | |
|----------------------------|------|----|---|
| A Bill on Williams & Co., | | | |
| due Nov. 1 | £105 | 10 | 0 |
| Cash for the balance | | | |
28. Accepted 2 Bills, of £200 each, drawn by David Fuller, one at 2 months and the other at 3 months
30. Paid Clerk's Salary, ½ Cheque (one month) .. 10 0 0
- „ Paid sundry expenses, as ½ P.C.B. .. 48 12 6
- Required the gains or losses and net capital.

EXERCISE 8.

Make a Journal and Ledger from the following transactions, viz :—

- Sept. 1, 1868. Cash in hand at this date, £2,000.
- „ Bought of Rushbell & Co. 40 bags Cotton (mark R. & Co.)= 13,728 lbs., @ 4¼d ½ lb.
2. Bought 10 bags Cotton (S. & Co.) 7,368 lbs., @ 6d. ½ lb, for Cash.
3. Sold Peake & Co. 5 bags Cotton (mark S. & Co.)=3,684 lbs., @ 6¼d. ½ lb.
4. Sold for Cash 20 bags Cotton (mark R. & Co.)=6,500 lbs., @ 5½ ½ lb.
5. Sold Thomas Parker 12 bags Cotton (mark R. & Co.)= 4,621 lbs., @ 5¾ ½ lb.
7. Received from Peake & Co. on account, £130.
8. Sold the remainder of Cotton (mark R. & Co.) to Thomas Parker, 8 bags=2,607 lbs., @ 5½ ½ lb.

* This is a case of bankruptcy, in which you receive 15s. in the £, and sustain a loss of 5s. in the £.

Debit Cash, and Profit and Loss. Credit Thomas Hutchinson.

9. Bought 8 boxes Pearl-leaf Gunpowder Tea,=72 lbs. (mark T. P.), @ 3/6 ½ lb., of Thomas Parker.
10. Given Rushbell & Co. my Acceptance at 2 months, No. 1, £160, in part payment of their account.
11. Received of Thomas Parker a Bill on Wilson & Son, at 6 weeks, No. 1, £121 17s. 1¼d., in part payment of his account.
14. Bought of Peake & Co. 20 firkins of Irish Butter (mark P. & Co.) wt. net, 13 cwt. 2 qrs. 18 lbs., @ 94/. ½ cwt.
15. Bought of Rushbell & Co. 10 bags Surat Cotton (mark R. & Co.)=2,575 lbs., @ 4¼d. ½ lb.
- „ Paid Peake & Co., on account, £10.
16. Paid Rushbell & Co., on account £50.
17. Received of Thomas Parker £36, for the balance of his a/c.
18. Sold for Cash 4 boxes Pearl-leaf Gunpowder Tea (mark T. P.), 36 lbs., @ 3/9.
- „ Sold Thomas Parker 5 bags Cotton (mark S. & Co.)= 3,684 lbs., @ 7¼d. ½ lb.
19. Bought of Robert Willis 19 Chests Hyson Tea (mark R. W.), each 1 cwt. 3 qrs. 18 lbs. net, @ 2/3 ½ lb.
20. Thomas Parker has given me a Bill, @ 2 months, on James Woodroffe, No. 2, £73 10s. 6d. in part payment of his account.
22. Paid Robert Willis on account, £156.
23. Received from Thomas Parker, on account, £20.
24. Bought 2 lots of Surat Cotton of Rushbell & Co.
- | |
|--|
| (mark R. & Co. lot 217) 6 bales=2,102 lbs., @ 2¼d. ½ lb. |
| (ditto „ 218) 6 „ =2,081 „ @ 2¼d. „ |
25. I have given Rushbell & Co. Thomas Parker's Bill on James Woodroffe.
25. Paid Petty expenses this month ½ P.C.B. £10 6s. 8d.
27. Sold Chas. Goude 10 Chests Hyson Tea (mark R. W.), each 1 cwt. 3 qrs. 18 lbs. net, @ 2/6 ½ lb., and received in payment a Bill at 6 weeks on John Hughes for £200, and the remainder in Cash.
27. Sold Lot 217 (mark R. & Co.), Surat Cotton, 6 bales=2,102 lbs., @ 3d. ½ lb., for Cash.
29. Sold 5 Chests Hyson Tea (mark R. W.), each 1 cwt. 3 qrs. 18 lbs. net, @ 2/7 ½ lb., and received Thomas Johnson's Acceptance at 2 months for the same.
30. I have given Rushbell & Co. my Acceptance at 2 months for £138 4s. 2d.

QUESTIONS FOR EXAMINATION.

1. What is the object of the Ledger?
2. What is Posting?
3. What is Journalizing?
4. On what principle is the Ledger constructed?
5. Show how you would enter the following items on first opening the Ledger :—

Cash in hand	..	..	£1000	0	0
Merchandise amounting to	..	..	2000	0	0
Bills Receivable, ditto	..	..	460	0	0
John James owes me	..	..	130	0	0
6. What will the Ledger show when properly adjusted?
7. What is a Ledger Folio?
8. What is a Ledger Account?
9. What is a Ledger Balance?
10. What is the Balance of an Account?
11. What is Book-keeping by Double Entry?
12. What Books should be used in Book-keeping by Double Entry?
13. At the end of the year a merchant balances his Ledger: describe the process.
14. Give the rule for Journalizing.
15. Show how you adjust the Merchandise Account.
16. How many sorts of Account are there?
17. What are the Real Accounts?
18. What are the Personal Accounts?
19. Explain the meaning of the term Taking Stock.
20. In what case do you consider Double Entry preferable to Single Entry?
21. What entries are made respectively on the *Dr.* and *Cr.* side of the Profit and Loss Account?
22. On which side of the Profit and Loss Account should the balance appear, so as to show a gain to the trader, and to what other Account must that balance be carried?

ON THE SUBSIDIARY BOOKS.

The number of Subsidiary Books required varies according to the nature of the business, but the books used by a general merchant are—

1. The Cash-Book, containing the receipts and payments of money.
2. The Bill-Book, in one part of which are entered all Bills received, or Bills Receivable, and in the other part all Bills issued, or Bills Payable.
3. The Invoice-Book, which contains the particulars of all goods bought, either for exportation or otherwise. This book is also called the Invoice-Book Inwards, or Bought Book.
4. The Book of Shipments, in which are entered the particulars of goods sent abroad, either by order or on consignment. This book is also called the Invoice-Book Outwards.
5. The Sales-Book. This book is used to trace the net proceeds of any cargo or consignment sold on commission.
6. The Day-Book contains a general register or diary of all transactions in the order of time in which they happen, with a reference to the Subsidiary Books, in which the particulars are entered. These books contain the materials from which the Journal is made. There are other books used in large concerns, but they do not form any part of the material for the Journal, such as—
 - The Letter-Book, for the copy of all letters sent out.
 - The Order-Book, for all orders received.
 - The Petty Cash-Book, for petty cash payments.
 - The Warehouse or Stock Book, contains a register of the value and quantity of the goods on hand.
 - The Cash Sales-Book, for cash sales of merchandise.
 - The Account-Current-Book, containing copies of the Accounts sent to correspondents.

THE CASH-BOOK.

Dr.		Cash		Cr.		
1868.		£	s. d.	1868.	£ s. d.	
Feb. 1	To Balance from Jan.	482	0 0	Feb. 2	By John Jones . .	176 8 0
14	" Merchandise Sales	42	1 8	12	" Richd. Hamilton on Account . }	30 14 6
16	" Bills Receivable No. 1	36	14 6	17	" John Jones . .	47 18 6
20	" J. Cummins . .	100	15 4	20	" Bills Payable No. 1	57 14 6
25	" Bills Receivable No. 2	35	18 6	25	" Richd. Hamilton	24 17 4
27	" Merchandise Sales	40	3 6	28	" Bills Payable No. 2	64 10 6
					By Balance in hand	335 10 2
		£ 737	13 6			£ 737 13 6

TO JOURNALIZE THE CASH-BOOK MONTHLY.

Cash *Dr.* to Sundries (for all receipts this month).Sundries *Dr.* to Cash (for all payments this month).

Specifying particulars, sorting out and classifying items of the same kind together, so as to require but one posting for the month, thus:—

	FEBRUARY, 1868.	Dr.	Cr.
	Cash (received this month, <i>per</i> C. B.)	£ s. d.	£ s. d.
		255 13 6	
14	To Merchandise	£42 1 8	
27	Ditto	40 3 6	
			82 5 2
16	To Bills Receivable, No. 1	36 14 6	
25	Ditto No. 2	35 18 6	
			72 13 0
20	To James Cummins		100 15 4
2	John Jones <i>Dr.</i>	£176 8 0	
17	Ditto "	47 18 6	
		224 6 6	
12	Richard Hamilton <i>Dr.</i>	30 14 6	
25	Ditto "	24 17 4	
		55 11 10	
20	Bills Payable, No. 1 <i>Dr.</i>	57 14 6	
28	Ditto No. 2 "	64 10 6	
		122 5 0	
	To Cash (for all payments this month, <i>per</i> C. B.) .		402 3 4
		£ 657 16 10	£ 657 16 10

THE BILL-BOOK.

The Bill-Book is an Index or Register of Bills of Exchange, whether Receivable or Payable.

Bills Receivable are those which the merchant or trader receives for some debt owing to him.

Bills Payable are such as are drawn upon the merchant or trader, and which he must pay when due.

In one part of this book it is customary to enter all Bills received, called Bills Receivable, and in the other part all Bills issued or accepted, called Bills Payable.

This book is ruled with columns for the details, setting forth numbers, names, date, term, when received, on whose account, on whom drawn, or to whom granted, when due, the amount, and how disposed of.

This book will be better understood by observing how the following Bills are entered.

In the following Bills the pupil should consider himself the Drawer or Acceptor, as the case may occur.

BILLS RECEIVABLE.

No. 1.

£500 0 0

London, January 1, 1868.

Three months after date, pay to me, or my order, the sum of Five hundred pounds, value received.

To MR. WILLIAM JONES,

144, Cheapside, LONDON.

A— B—
(Pupil's name, or drawer).

No. 2.

£437 10 0

London, January 10, 1868.

Two months after date, pay to me, or my order, the sum of Four hundred and thirty-seven pounds, ten shillings, for value received.

To MR. JOHN SYMS,

37, Newgate Street, LONDON.

A— B—

No. 3.

£127 17 6 *London, January 17, 1868.*

Three months after date, pay to me, or my order,
the sum of One hundred and twenty-seven pounds, seventeen
shillings and sixpence, value received.

To Mr. William Jones, A — B —
144, Cheapside, LONDON.

FORM OF BILLS RECEIVABLE BOOK.

No.	When Received.	From whom Received.	By whom Drawn, and Place.		On whom Drawn, and where.	
1	1868. Jan. 1	Wm. Jones, London	A — B —	London	Wm. Jones	London
2	" 10	John Syms, "	"	"	John Syms	"
3	" 17	W. Jones, "	"	"	Wm. Jones	"
4	" 24	J. Syms, "	J. Syms	"	A. Cummins	"

FORM OF

No. 1.

£74 16 4 *London, January 2, 1868.*

Two months after date, pay to me, or my order,
the sum of Seventy-four pounds, sixteen shillings and four-
pence, for value received.

To Mr. A — B —
47, Regent Street, LONDON. THOMAS SIMMONDS.

FORM OF BILLS PAYABLE BOOK.

No.	By whom Drawn and Place.		Date.	To whom Payable.
1	Thomas Simmonds .	London .	January 2	His order
2	Wm. Williams . . .	" .	" 14	George Gould . . .

No. 4.

£50 0 0 *London, January 24, 1868.*

Two months after date, pay to me, or my order,
the sum of Fifty pounds for value received.

To Mr. Andrew Cummins, JOHN SYMS.
87, Cheapside, LONDON.

(Indorsed across the back, "JOHN SYMS.")

JANUARY, 1868.

Date.	To whom Payable.	Time.	Due.	Sum.			When and how Disposed of.
Jan. 1	My order . .	3 months	April 4	£	s.	d.	
" 10	"	2 "	March 13	500	0	0	
" 17	"	3 "	April 20	437	10	0	
" 24	His order . .	2 "	March 27	127	17	6	
				50	0	0	

BILLS PAYABLE.

No. 2.

£250 0 0 *London, January 14, 1868.*

Three months after date, pay to George Gould, of
137, Cheapside, or order, the sum of Two hundred and fifty
pounds, value received.

To Mr. A — B —
47, Regent Street, LONDON. WILLIAM WILLIAMS.

JANUARY, 1868.

Time.	Accepted.	Due.	Sum.			To whom Paid, and when.	
2 months .	January 2	March 5 .	£	s.	d.		
3 " .	" 14	April 17 .	74	16	4		
			250	0	0		

TO JOURNALIZE THE BILL-BOOK.

Bills Receivable *Dr.* to Sundries (for all Bills received this month, \pounds B.R.).

Sundries *Dr.* to Bills Payable (for all Bills issued or accepted this month, \pounds B.P.).

Sorting out and classifying all Bills belonging to the same party together, thus—

JANUARY, 1868.				<i>Dr.</i>			<i>Cr.</i>		
				£	s.	d.	£	s.	d.
1	Bills Receivable (received this month, \pounds B.R.) <i>Dr.</i>			1115	7	6			
17	To William Jones No. 1 . . .	500	0	0					
	" " " " 3 . .	127	17	6			627	17	6
10	" John Syms " 2 . .	437	10	0					
24	" Ditto " 4 . .	50	0	0			487	10	0
2	Thomas Simmonds . No. 1 . . . <i>Dr.</i>			74	16	4			
14	William Williams . " 2 . . .	250	0	0					
	To Bills Payable (issued this month, \pounds B.P.).						324	16	4
				£ 1440	3	10	£ 1440	3	10

THE INVOICE-BOOK.

The Invoice, or Bought-Book, contains the copies of Invoices received for goods bought. The trouble of copying might be dispensed with by pasting the originals into a blank book, with its pages numbered, and an index, so that any Invoice may be easily referred to.

The form of the Invoice received is the same as the Invoice or Bills of Parcels sent out (*see* p. 21).

FORM OF INVOICE, OR BOUGHT-BOOK.

17, Newgate Street, Sept. 17th, 1868.									
Mr. A— B— (Pupil's Name.)									
Bought of HENRY SIMPSON,									
3 trusses Scarlet Cloth, viz.,				£	s.	d.			
No. 1.	6 pieces Superfine, each 40 yds., @ 24/.	\pounds yd.	. . .	288	0	0			
No. 2.	6 " Seconds, " 40 " @ 15/.	"	. . .	180	0	0			
No. 3.	6 " Cloakings, " 40 " @ 9/6	"	. . .	114	0	0			
				£ 582	0	0			

FORM OF INVOICE, OR BOUGHT-BOOK—(continued).

144, Cheapside, Sept. 22nd, 1868.									
Mr. A— B—									
Bought of WILLIAM BILLINGTON, Wine Merchant, &c.				£	s.	d.			
2	puncheons Rum, 164 galls. @ 15/6 \pounds yd.	. . . . .		127	2	0			
10	hlds. British Spirits, 540 galls. @ 9/6 \pounds yd.	. . . . .		256	10	0			
1	pipe Port Wine (brand A)			70	0	0			
				£ 453	12	0			
17, Newgate Street, Sept. 25th, 1868.									
Mr. A— B—									
Bought of HENRY SIMPSON,									
36	pieces Dimities, each 56 yds. @ 1/8 \pounds yd.	. . . . .		168	0	0			
35	" Muslins, " 55 " @ 1/6 "			144	7	6			
28	" Quiltings, " 35 " @ 3/6 "			171	10	0			
				£ 483	17	6			

To Journalize the purchase of merchandise monthly, say—
Merchandise *Dr.* to Sundries (for all purchases this month, \pounds I.B.).

Classifying the different items as before, thus—

SEPTEMBER, 1868.				<i>Dr.</i>			<i>Cr.</i>		
				£	s.	d.	£	s.	d.
	Merchandise (bought this month, \pounds I.B.) <i>Dr.</i>			1519	9	6			
17	To Henry Simpson	£582	0	0					
25	Ditto	483	17	6			1065	17	6
22	To William Billington						453	12	0
				£ 1519	9	6	£ 1519	9	6

INVOICES OF MERCHANDISE SOLD.*

Sept. 5th, 1868.									
Mr. GEORGE THOMPSON									
Bought of A— B— (Pupil's Name.)									
15	pieces Black Cloth, 300 yds. @ 20/.	. . . . .		300	0	0			

* A copy of these Invoices should appear in the Day-Book.

INVOICES OF MERCHANDISE SOLD—(continued).

		Sept. 10th, 1868.			
MR. THOMAS HAMILTON		Bought of A— B—	£	s.	d.
10	pieces Cassimere, 250 yds. @ 10/.		125	0	0
		Sept. 21st, 1868.			
MR. GEORGE THOMPSON		Bought of A— B—			
5	pieces Toalinette, 100 yds. @ 5/.		25	0	0
		Sept. 25th, 1868.			
MR. THOMAS HAMILTON		Bought of A— B—			
10	pieces Broadcloth, 250 yds. @ 20/.		250	0	0

To JOURNALIZE THE SALES OF MERCHANDISE MONTHLY.

Sundries *Dr.* to Merchandise (for all sales this month).

Classifying the different items as before, thus—

		SEPTEMBER, 1868.	<i>Dr.</i>			<i>Cr.</i>		
			£	s.	d.	£	s.	d.
5	George Thompson	<i>Dr.</i> £300 0 0						
21	Ditto	25 0 0						
			325	0	0			
10	Thomas Hamilton	<i>Dr.</i> 125 0 0						
25	Ditto	250 0 0						
			375	0	0			
	To Merchandise (for all Sales this month). .					700	0	0
			£ 700	0	0	700	0	0

FOREIGN INVOICES, OR BOOK OF SHIPMENTS.

A Foreign Invoice is an account of goods sent off by sea to some foreign port, either by an order from the person to whom the goods are sent, and for his account and risk, or consigned to him for sale, at the risk of the shipper. The preamble at the top of the Invoice

contains the name of the ship, master, place of destination, and of the person to whom the goods are consigned.

The following is an exemplification of the general form of Invoices:—

Invoice of Sugar Shipped by Willis & Co. on board the "Neptune,"
Henry Millman, Master, for Naples, by order of William Jones,
Merchant there, for his account and risk, and to him consigned:—

W. J. Nos.	No. 1.	Gross	Cwt. qrs. lbs.		Tare	Cwt. qrs. lbs.		£	s.	d.
1 to 3.	" 2.	"	9	0	25	"	1 0 27			
	" 3.	"	9	1	26	"	1 1 2			
		Gross	28	0	15		3 3 12			
		Tare	3	3	12					
		Net	24	1	3	at £6 10s. p cwt.			157	15 11½
CHARGES.										
		Cartage, Wharfage, Lighterage, and Bills of } Lading					£2	3	4	
		Cost of Hhds.						1	14	6
										3 17 10
		Commission on £161 13s. 9½d., @ 2½%						4	0	5½
		Premium of Insurance on £190, @ 1½%					£2	17	0	
		Policy Duty						0	5	0
		Commission @ ½%						0	19	0
								4	1	0
								169	15	2½
		London, Sept. 22nd, 1868.								
		(E. E.) Willis & Co.								

Journalized in the following manner:—

		SEPTEMBER, 1868.	<i>Dr.</i>			<i>Cr.</i>		
			£	s.	d.	£	s.	d.
22	William Jones (for Goods p "Neptune," p I. B.) <i>Dr.</i>		169	15	2½			
	To Merchandise					157	15	11½
	" Charges on ditto					3	17	10
	" Commission					4	19	5½
	" Insurance					3	2	0
			£ 169	15	2½	169	15	2½

THE SALES-BOOK.

This book is used to trace the net proceeds of any cargo or consignment sold upon commission.

The particulars occupy two pages in the form of *Dr.* and *Cr.*, with a preamble over both, setting forth the goods, ship, and the name of the person from whom the consignment is received.

The *Dr.* side contains the various charges incurred by the transaction, such as Freight, Custom, Expenses of Landing, Commission, &c., &c.

<i>Dr.</i>		<i>Sales of 6 Pipes of Olive Oil, received by "Swan,"</i>					
1868.	CHARGES.	£	s.	d.	£	s.	d.
Sept. 3	To duty for 694 galls. @ £7 0s. 9d. & tun of 252 galls.	19	7	7			
	" Freight, 35/0 & tun	5	5	0			
	" Primage, &c.	1	13	7			
	" Lighterage, Landing, Wharfage	1	10	6			
	" Portage, Cartage, and Housing	2	2	0			
	" Warehouse Rent, 2/6 & pipe	0	15	0			
	" Insurance from Fire	0	19	6			
	" Brokerage, 1/2 % on £197 0s. 6d.	0	19	8			
					32	12	10
	" Commission on £229 13s. 4d. @ 2 1/2 %				5	14	10
Sept. 12	" Horne & Sons, for net proceeds				158	12	10
					£ 197	0	6

The above charges are journalized thus—

Olive Oil, by "Swan," *Dr.* to Sundries; or,

SEPTEMBER, 1868.		<i>Dr.</i>			<i>Cr.</i>			
		£	s.	d.	£	s.	d.	
3	Olive Oil, ½ "Swan" <i>Dr.</i>	197	0	6				
	To Charges for Freight, &c.				32	12	10	
	" Commission on Sales, &c.				5	14	10	
12	" Horne & Sons for net proceeds				158	12	10	
		£	197	0	6	197	0	6

The *Cr.* side contains an account of the quantity, price, and amount of goods sold, with the buyer's name, and time of payment.

The difference between the two sides will give the net proceeds.

The factor or agent gives his correspondent credit for the net proceeds, and sends him a copy of the Account Sales, and signs his name at the bottom, with the words, Errors Excepted.

NOTE.—In small consignments, an Account Sales may be comprised in one page.

The forms of these Accounts are various, but all tend to the same object, that of finding the net proceeds.

<i>from Leghorn, on Account of Horne & Sons.</i>		<i>Cr.</i>	
1868.		£	s. d.
Sept. 9	By Thomas Cummings, sold him 2 pipes @ 2 months, containing— No. 1 . . . 112 galls. " 2 . . . 117 "		
	229 " @ £67 & tun of 236 galls.	65	0 3
Sept. 10	By Hamilton & Co., sold them 4 pipes @ 3 months, containing— No. 3 . . . 118 galls. " 4 . . . 113 " " 5 . . . 116 " " 6 . . . 118 "		
	465 " @ £67 & tun of 236 galls.	132	0 3
	E. E. A—B—	£ 197	0 6

The above sales are Journalized as follows—

Sundries *Dr.* to Olive Oil, by "Swan;" or,

SEPTEMBER, 1868.		<i>Dr.</i>			<i>Cr.</i>			
		£	s.	d.	£	s.	d.	
9	Thomas Cummings <i>Dr.</i>	65	0	3				
10	Hamilton & Co. <i>Dr.</i>	132	0	3				
	To Olive Oil, per "Swan"				197	0	6	
		£	197	0	6	197	0	6

Another Form.

Sales of 1 Package of Linen, by the "William and Mary," on account of Hammond & Co., Dublin.

London, Sept. 10, 1868.

				£	s.	d.	£	s.	d.
Sold Henry Syms, payable @ 6 months:—									
No. 1	4 pieces	202 yds. @	7 $\frac{1}{2}$ d. p yd. .						
" 2	3 "	152 "	7 $\frac{1}{2}$ d. " .						
" 3	5 "	252 "	8d. " .						
" 4	4 "	202 "	8 $\frac{1}{2}$ d. " .						
" 5	4 "	202 "	8 $\frac{1}{2}$ d. " .						
" 6	3 "	150 "	9 $\frac{1}{2}$ d. " .						
" 7	5 "	252 "	10d. " .						
" 8	3 "	152 "	7 $\frac{1}{2}$ d. " .						
" 9	2 "	100 "	10d. " .						
" 10	4 "	202 "	11d. " .						
	1 wrapper	52 "	6d. " .						
CHARGES.									
Freight, &c.									
Cartage, Portage, &c.									
Warehouse Rent, and Insurance from Fire, 1 % .									
Advance of Money, 2 $\frac{1}{2}$ %									
Commission									
				£					

ACCOUNT-CURRENT BOOK.

The Account-Current Book contains the Personal Accounts of the Ledger, drawn out in a plain, circumstantial form. Here all the particulars are set forth as expressed in the Journal, or Subsidiary Books; and, instead of the collective term *Sundries*, every article is specified; and, for the sake of still greater perspicuity, the pronouns possessive are used in an appropriate manner, as—"To my Acceptance of your Bill."—"To Balance in your Favour," &c.

A copy of each Account of this Book is transmitted to the person whose name it bears. This duplicate, which is called his Account-Current, shows how affairs stand between the parties, at the current or present time when made out. The word *Current* may here further imply, *the present state of an Account in its course, or to be continued.*

As every man of business is supposed to send in his Bills at certain times, so the merchant furnishes his correspondent with an Account-Current, which chiefly differs from a tradesman's Bill in its double purpose of showing the charges for and against the correspondent, and in adding interest upon each debt, from the day it becomes due to the time of settlement.

In the following example of an Account-Current the interest is placed at the bottom of the folio. It is, however, sometimes entered in a column adjoining to its principal, and sometimes in a line immediately after it. The balance of interest, if not duly paid, is (with the other balance of the Account-Current) carried to a new account, on which interest is afterwards charged, as on any other debt. The practice of thus charging interest upon interest, is sanctioned by the universal practice of merchants.

The Account-Current Book is made out with the greatest facility at the time of posting the Journal to the Ledger; for, while any transaction is under consideration, its particulars are best understood. This practice has, besides, other important advantages in dividing and mitigating labour, and in supplying a Check or Abstract Ledger, by which latter denomination the Account-Current Book is sometimes known.

WAREHOUSE or STOCK BOOK.

The object of this book is to give the merchant a correct knowledge of the quantity and value of the Stock of Goods he has in hand.

The form must vary according to the nature of the goods to be described, and the information required. The following example will give the pupil an idea of its nature and object.

WAREHOUSE BOOK.										
<i>Bought or Inwards.</i>					(IRISH LINEN.)		<i>Sold or Outwards.</i>			
Date.	Ps.	Marks.	Quantity.	Remarks.	Cost.	Date.	Ps.	Marks.	Quantity.	Sold.
			yds.		p. yd.				yds.	p. yd.
Jan. 2.	40	T.J.	1200	{ @ 1/2 p. yard in- cluding charges. }	1/2	Jan. 2.	4	T.J.	120	1/4
						" 3.	2	T.J.	60	1/3
						" 18.	10	T.J.	300	1/4
Totals	40		1200			Totals	16		480	
Feb. 1.	24	T.J.	720	{ Stock brought down. }	1/2					

NOTE.—A book of this kind is of great use in a business where the quantities of goods bought and sold are very considerable.

It is also of great use to the book-keeper in balancing the Merchandise Account in the Ledger, by ascertaining from it the value and quantity of goods unsold.

SPECIMENS OF EXAMINATION-PAPERS IN BOOK-KEEPING.

Set to Candidates for the Education Office.

No. 1.

1. What is the meaning of the terms "Debit" and "Credit?"
2. Which side of an Account-book is allotted to Debit Accounts, and which to Credit Accounts?
3. What is the Balance of an Account?
4. On which side of a Cash-Book must the Balance always fall?
5. On which side of a Cash-Book should an amount paid away be entered?
6. A. transmits to B. £400, with directions to pay J. Brown £38 2s. 6d., J. Smith £49 5s. 9d., W. Eve £50, W. Robinson £99 13s. 9d., each less 2½ per cent.; and W. Walker £47 16s. 8d. H. Biggs £53 13s. 4d., and Charles Bunce £61 8s., each less 5 per cent.; and to retain the balance, if any, till further instructions. Supposing that B. has done all this, make out such an Account as it would be necessary for him to send to A. to show exactly what has taken place.
7. Give the entries of the same transactions, as A. would enter them in his Cash-Book on receiving the above Account.
8. State in a few words what "Book-keeping by Double Entry" is, and in what it is preferable to "Book-keeping by Single Entry."

No. 2.

(Time allowed 2 hours.)

Write the following transactions into the "Cash-Book" and "Ledger" given you herewith; observing—

1. That you are not allowed to re-copy your work, but must write everything at once into the books provided.
2. That no erasures will be permitted. If you think any entries wrong and desire to alter them, you may cancel them by drawing a pen through them so as to leave the original clearly visible.
3. Perfect accuracy is deemed of essential importance, and the marks will be assigned according to your success or failure in this respect. The calculations in the printed paper may be taken as correct, and need not be checked.

1868.	£	s.	d.
Jan. 1. Cash in hand	1325	1	7
3. Lent to Rushbell & Co., on Warrant Demerara Cotton, per "Jane Dawson," @ 7½ % ..	264	11	0
6. Received of Rushbell & Co.	100	0	0
9. Lent Thomas Smith, on Bill of Lading for Silk, per "Margaret Mitchell," @ 7½ % ..	500	0	0
12. Lent Stevenson & Co., on 34 Qr.-Casks Brandy, per "Pearl," @ 7½ %	250	0	0
„ Lent Thomas Jackson, on Warrant for Jute, per "Queen of South"	54	0	0
14. Paid petty expenses	34	0	0
viz. Gas	£3	5	0
Rate	7	4	6
Clerk's Salary	23	10	6
Jan. 15. Received of Rushbell & Co.	165	0	5
Balance of Loan	£164	11	0
Interest on £100 for 3 days	0	1	3
Interest on £164 11s. for 12 days	0	8	2
„ Lent Jones, Son & Co., on Warrant of Surat Cotton, @ 7½ %	250	0	0
16. Received of Thomas Smith	500	14	5
viz. Loan	£500	0	0
Interest for 7 days	0	14	5
„ Lent James Parker, on Bill of Lading of Brandy, per "Maria Jane"	320	0	0
17. Received of Thomas Jackson	40	0	0
29. Received of Jones, Son & Co.	135	0	0
30. Lent James Smith, on Brandy, per "Maria Jane"	175	10	0

1868.	£	s.	d.
Feb. 7. Paid John Brown for new Office Desk	12	15	0
11. Received of Thomas Jackson	14	2	8
viz. Balance of Loan	£14	0	0
Interest on £40 for 5 days	0	0	10
Interest on £14 for 30 days	0	1	10
19. Received of Stevenson & Co.	251	19	1
viz. Loan	£250	0	0
Interest for 38 days	1	19	1
24. Paid Clerk (a/c of Wages)	5	5	0
25. Received of James Smith	176	8	10
viz. Loan	£175	10	0
Interest for 26 days	0	18	10
„ Received of John Smith, as Composition for a Debt of £23 10s. 6d., written off as bad in 1833	15	0	0

No. 3.

1. What is Book-keeping by Double Entry, and why is it so called?
2. What books are used in Double Entry?
3. Could any of the books you have named be dispensed with, and which? Which of them is necessary to any system of Book-keeping?
4. Every transaction must be between two persons; J. Smith makes an entry, "R. Brown, *Dr.* to Goods;" who are the two persons interested in the transaction so recorded?
5. On which side of a Cash-Book should amounts paid away be entered? On which side must the balance always fall?
6. What is called the Balance of an Account? When is an Account said to be "balanced?" What is it to Balance the Ledger in Double Entry? What is a Trial Balance? and a Balance Sheet?
7. An agent receives from a merchant abroad authority to purchase goods for him in this country, and he buys of A. £250 worth, of B. £300 worth, and of C. £95 worth, and pays for them with Bills drawn on his correspondent. He is to receive £5 per cent. commission on his purchases. Give a copy of the Account which it would be necessary to send to the merchant.

8. The following is an account of all the transactions with J. Smith on May 13:—

Sold James Smith :	£	s.	d.
Goods	54	0	0
Returned by James Smith :			
Goods	22	10	0
Allowed Dock Charges on Goods sold to James Smith	2	3	6
Received of J. Smith his Bill @ 3 months for balance of a/c.			

Give a copy of his Account in my Ledger.

SPECIMENS OF EXAMINATION PAPERS IN BOOK-KEEPING

Set to Candidates for Temporary and Dock Yard Clerkships in the Admiralty.

No. 1.

Read the following memorandum of transactions:—

1868.	£	s.	d.
Jan. 1. Bought of J. Taylor :			
2 Qr.-Casks Old Port @ £42	21	0	0
10 doz. Geneva, 21/.	10	10	0
Returned to J. Taylor :			
½ hhd. Sherry @ £24	12	0	0
Less Dock Charges to be paid by me	2	3	4
Accepted Bill, drawn by John Taylor @ 3 months (and took his Receipt as for balance of a/c)	21	0	0

1. State what books these transactions would be recorded in, and which would be placed in each.
2. Give a copy of J. Taylor's Account in my Ledger after the requisite entries have been made in it.
3. Give a similar copy of my Account in J. Taylor's Ledger.

No. 2.

1868.	£	s.	d.
Jan. 1. Cash in hand	50	0	0
Goods on hand	120	0	0
3. Bought of Peak & Co. :			
6½ Chests Hyson Tea, 3 ^{cwt.} 2 ^{qrs.} 7 ^{lbs.} = 399 lbs., @ 2/3	44	17	9
4. Sold to James Doyle :			
2½ Chests Oolong Tea, 79 lbs. net, @ 1/8	6	11	8
8 Boxes Pearl Leaf Gunpowder, 9 lbs. each = 72 lbs., @ 3/6	12	12	0
5. Sold to Robert Wilmot :			
2½ Chests Flowery Pekoe, 131 lbs. net, @ 2/6	16	7	6
17. Sold to George Walters :			
1½ Chests fine Oolong = 50 lbs., @ 1/10	4	11	8
3½ Chests Hyson, 200 lbs., @ 2/9	27	10	0
18. Paid Peak & Co.	44	17	9
23. Received of James Doyle on a/c	10	0	0

Make entries of these in all the books necessary.

No. 3.

1. From the subjoined list of transactions construct (1) a Sales-Book or Day-Book, (2) a Cash-Book, and (3) an Invoice-Book; and post all the entries into the Ledger :

1868.	£	s.	d.
July 1. Cash in hand	25	0	0
Bought of R. Jacobs & Son :			
10 doz. Sauterne, 40/.	20	0	0
20 doz. Chablis, 42/.	42	0	0

1868.				£	s.	d.
July 4. Bought of J. Reay :						
10 doz. Rudesheimer, 60/.	30	0	0			
„ Sold Benj. Gurney :						
3 doz. Sauterne, 45/.	6	15	0			
2 doz. Chablis, 46/.	4	12	0			
4 doz. Rudesheimer, 75/.	15	0	0			
7. Bought of Tosar, Brothers :						
3 Butts Sherry, £28	84	0	0			
9. Sold Robert Simpson :						
2 Butts Sherry, £30	60	0	0			
„ Sold J Long :						
10 doz. Sauterne, 45/.	22	10	0			
1 doz. Rudesheimer, 66/.	3	6	0			
1 Butt Sherry, £29	29	0	0			
10. Received of Benj. Gurney	26	0	0			
viz. a/c	£26	7	0			
Less 1½ %	0	7	0			
20. Accepted Draft of R. Jacobs & Son, at 2 months	62	10	0			
„ Paid J. Reay	29	12	6			
viz. a/c	£30	0	0			
Less 1½ %	0	7	6			
23. Received of Robert Simpson	58	10	0			
viz. a/c	£60	0	0			
Less 2½ %	1	10	0			
29. Received of J. Long	54	16	0			
2. Would any books beyond those above named be required to record these transactions by Double Entry? If so, name them, and give the entries which it would be necessary to make in them; also give a copy of the additional Ledger Accounts which would be necessary.						

No. 4.

1. Write the following transactions into the books provided, putting all—

Goods sold *into the Day-Book*

Goods bought *into the Invoice-Book.*

Transactions involving Cash or Discount *into the Cash-Book.*

1868.					£	s.	d.
July 1. Cash in hand	357	10	0				
„ Bought of Jones & Son 40 Bags Cotton, 13,728 lbs., @ 4½d.	264	11	0				
„ Paid wages and petty expenses of June	13	7	5				
6. Paid Jones & Son	264	11	0				
7. Sold J. Smithson 10 Bags Cotton, 7368 lbs., @ 6d.	184	4	0				
8. Bought of Peak & Co., 2 Lots Surat Cotton :							
Lot 217. 6 Bales, 2102 lbs., @ 2½d.	21	17	11				
Lot 8. 6 Bales, 2081 lbs., @ 2½d.	21	13	6				
	43	11	5				
„ Paid deposit on above	11	0	0				
9. Sold Beale & Co. 6 Bales Surat, 2102 lbs., @ 3¼d.	32	16	10				
10. Sold John Parker 12 Bags Cotton, 3102 lbs., @ 4¼d.	54	2	6				
11. Received of J. Smithson on a/c	100	0	0				
12. Received of Beale & Co. on a/c	30	0	0				
13. Received of Beale & Co. amount of							
their Account	£2	16	10				
Less 1½ %	0	8	4				
	2	8	6				
“ Paid Peak & Co.	15	0	0				

1868.					£. s d
July 14.	Sold James Westhead 18 Bags Cotton, 3258 lbs.,				
	@ 5d.				67 17 6
19.	Sold Holroyd & Swindells 3 Bales Surat,				
	1043 lbs., @ 2½d.				11 18 11
22.	Paid Peak & Co. :				
	Cash	£17	10	0	
	Allowed		0	1	5
					17 11 5
31.	Paid Wages, &c., to date				11 7 3

2. Post the same transactions from the books given above into the Ledger in the manner called "Single Entry."
3. Which side of a Cash-Book is always the greatest?
4. Name the additional Ledger Accounts which would be necessary if the transactions recited above were to be recorded by Double Entry.
5. Describe the process of Balancing and Closing a set of books kept by Double Entry.
6. What errors are not checked by balancing the Ledger, and how are they guarded against in practice?
7. At the beginning of a year a set of books is re-opened, and there are balances of the following Accounts :—
 Merchandise,
 Bills Payable,
 Bills Receivable,
 Furniture, and
 Cash—

On which side of the Ledger will each be put?

8. Give the Journal entries which would be necessary to record the last three transactions given above (under Question 1).
9. Give the Journal entries which would be made by Holroyd & Swindells, and by Peak & Co., for their parts of the same transactions.

SPECIMENS OF EXAMINATION PAPERS IN THE PRINCIPLES OF BOOK-KEEPING BY DOUBLE ENTRY.

Set to Candidates for the Admiralty at Somerset House, Office of Works, &c.

No. 1.

1. What is Book-keeping by Double Entry, and what Book-keeping by Single Entry?
2. What books should (in your opinion) be used in Book-keeping by Double Entry?
3. (a) Which of the books you have named is indispensable in any system of Book-keeping?
 (b) Are any others necessary to Book-keeping by Double Entry, and which?
 (c) If any of those you have named as proper to be used in Double Entry Book-keeping can be avoided, show how it can be done.
4. At the end of the year a merchant balances his Ledger:
 (a) Describe the process.
 (b) What errors would not be checked by balancing the Ledger, and how are they guarded against in practice?
5. Has Book-keeping by Double Entry any superiority over Book-keeping by Single Entry, except the check it gives on the accuracy of the Ledger postings?
6. How should the following Accounts be closed?—
 (a) Merchandise.
 (b) Profit and Loss.
 (c) Cash.
 (d) Private Expenses.
7. At the present time the following is a correct statement of John Smith's position:—He has a house worth £550, furniture and fixtures worth £250, a horse and cart worth £60, various goods to the value of £970, and debts due to him from A. Jones, £50, B. Wing £60, and G. Brown £75; he has besides £32 7s. 4d. in cash, but he owes to James Thompson £49, to G. Jack £127, and to W. Craven £694.

Rule a sheet of paper to serve as a Ledger, and make all the entries which Smith's Ledger should have in it to show his position to be as above stated.

8. I buy wine of A. for £50, and sell it to B. for £55; B. pays me in a Bill for £25 and cash for £30, and I then pay A. on account. Give the Journal entries A. would make for these transactions, and also those of B.

(Rule paper in the proper Journal form to make the above entries on.)

9. On the 1st December I had the following transactions:—

	£	s.	d.
In hand	427	2	5
Paid J. Smith	40	11	7
Johnson's Bill due this day paid by me	98	7	7
S. Sewell paid me	39	7	6
viz. a/c	£40	0	0
Less amount allowed	0	12	6
Discounted with Williams & Co. 3 Bills, due in 3 months, paying 6 % discount	405	0	0
Paid Patrick Costello	444	7	6
viz.	£450	0	0
Less 1¼ %	5	12	6

Rule a Cash-Book, and enter in it as many of these facts as you can.

No. 2.

- Supposing a Journal to be used, give the Journal entries for the following transaction:—
“Sold to B. 1 Pipe Port, £50, and took his Bill at 2 months for the amount.”
- I buy Sherry of James Smith for £50, and sell it to B. for £55; B. pays me in a Bill for £25 and cash for £30, and I then pay to James Smith B.'s acceptance and cash for the balance, he allowing me 2¼ % on the whole amount. Give the Journal entries which would be necessary for recording these transactions in my books.
- Give the Journal entries which James Smith would make for his part of the same transaction, and also those of B.

4. How should the following Accounts be closed?—

- Merchandise.
- Cash.
- Profit and Loss.
- Petty Expenses.

5. Describe the process of balancing. What errors are not checked by it, and how are they guarded against in practice?

6. A set of books is kept by Single Entry, and the books used are—

- Day-Book or Sales-Book.
- Cash-Book.
- Bill-Book.
- Ledger.

Show how this set of books could, at the end of a year, be changed to Double Entry, without making any fresh ones.

N.B.—The following should not be attempted till all you can do of the preceding has been completed.

- B. Copy the following transactions into either—

- A Sales-Book or Day-Book, a Cash-Book, and an Invoice-Book, or
- (In the case of your not being able to do so) into any books that you consider would do in their stead.

In each case you must rule paper for yourself.

	£	s.	d.
1868.			
July 1. Cash in hand	125	10	0
” Bought of J. Edwards & Son:			
12 doz. Sauterne, 40/.	24	0	0
40 doz. Chablis, 42/.	84	0	0
4. Bought of W. Blake:			
10 doz. Rudesheimer, 59/.	29	10	0
” Sold Benj. Smith:			
3 doz. Sauterne, 45/.	6	15	0
2 doz. Chablis, 46/.	4	12	0
4 doz. Rudesheimer, 75/.	15	0	0
7. Bought of Geisler & Co.:			
3 Butts Sherry, £30	90	0	0
9. Sold Robert Bates:			
1 Butt Sherry, £32	32	0	0
” Sold J. Long:			
10 doz. Sauterne, 45/.	22	10	0
1 doz. Rudesheimer, 66/.	3	6	0
1 Butt Sherry, £29	29	0	0

1868.				£	s.	d.
July 10.	Received of Benj. Smith	..	..	26	0	0
	viz. a/c	..	..	£26	7	0
	Less 1½ %	..	..	0	7	0
20.	Accepted Draft of J. Edwards & Son, @ 2 months	..	..	108	0	0
„	Paid W. Blake	..	..	29	2	8
	viz. a/c	..	..	£29	10	0
	Less 1½ %	..	..	0	7	4
23.	Received of Robert Bates	..	..	31	4	0
	viz. a/c	..	..	£32	0	0
	Less 2½ %	..	..	0	16	0
29.	Received of J. Long	..	..	54	16	0

No. 3.

(Time allowed, 3 hours.)

Candidates should confine their remarks to the answering of the questions proposed: anything stated beyond this will not be examined.

1. Rule a Cash-Book and enter in it the following transactions:—

1868.				£	s.	d.
Jan. 7.	Cash in hand	..	..	525	11	7
9.	Paid J. Smith	..	..	4	5	0
10.	Received of B. Brown	..	..	14	7	5
„	Paid into Heywood & Co.'s	..	..	500	0	0
11.	Received of J. Jones	..	..	123	4	0
	viz. a/c rendered	..	..	£126	7	0
	2½ % allowed	..	..	3	3	0
12.	Paid Robert Jones by Cheque	..	..	250	0	0
„	Paid into Heywood's	..	..	130	0	0
„	Paid J. Smithson, he allowing 7/6 discount	..	..	22	12	6

2. Rule a Ledger and enter in it the transactions given in 1.

3. What is a "Ledger Account," a "Ledger Folio," a "Ledger Balance," and the "Balance of an Account?" And what is "Posting?"

4. What is Book-keeping by Double Entry? State briefly in what it differs from Book-keeping by Single Entry, and what advantages it has over it.

5. In Double Entry what does "Balancing the Ledger" mean? and what is the difference between a "Trial Balance" and a "Balance Sheet?" What sort of errors are not detected by balancing?
6. There are certain Accounts kept in Double Entry which are called variously "Real," "Fictitious," "General," "Non-personal," "Impersonal," &c. Give a list of the Accounts of this nature which would be used in an ordinary mercantile counting-house; and if you would apply any of the terms above to only a part of the accounts in question, distinguish that part.
7. How should Profit and Loss Account and Merchandise Account be closed?
8. J. S. buys sugar of B. W. for £55. Give the Journal entry that J. S. makes, and also that of B. W.
9. In a certain business it is necessary to keep a separate account of—

- (a) Discounts.
- (b) Commissions.
- (c) Insurances.
- (d) Petty Expenses.
- (e) Salaries.

How should this be done? How, with your alterations for this purpose introduced into the books, would you proceed at balancing?

10. R. H. Read pays £497 12s. 6d. at the Bank of England to the account of James Macintosh, and advises him (*i.e.* Macintosh) that he has done so by the orders and on behalf of J. Robb and R. Steele, viz., on account of the first £50, and on account of Steele, £447 12s. 6d. Give the Journal entries for these transactions—

- (a) Of R. H. Read.
- (b) Of the Bank of England
- (c) Of James Macintosh.
- (d) Of James Robb.
- (e) Of R. Steele.

11. John Smith of London buys goods of William Brown & Co. of Manchester, and at the end of the year shows the following accounts and balances in his Ledger:—*Drs.* A £25, B. £20, C. £6, D. £3 10s., E. £42, Cash £32 10s., *Crs.* Brown & Co. £85 7s. 6d., Stock £43 12s. 6d.

W. Brown & Co., on an examination, agree to take the risk of the outstanding debts upon themselves, and to appoint J. Smith their London agent to receive a commission on all his subsequent sales. The same books are to be kept:—state what alterations would be necessary to make them serve for the new state of things.

No. 4.

(Time allowed, 3 hours.)

Note.—*Nothing which is not strictly in answer to the questions proposed will be examined or marked for.*

1. Why is Book-keeping by Double Entry so called?
2. What advantages has Book-keeping by Double Entry over any other system?
3. What books are employed in Double Entry? Describe the contents of each book, and, if any entries are made in more than one of them, trace the course of such entries. State to what Government department or branch of business your answer applies.

4. The following particulars are given of the position of John Smith at the close of the year :—

W. Brown owes him £50, Charles Smith £70, Roger Peake £155. He owes Thomas Smith £50, Charles James £25, James Thompson £72. The Balance of Bills Receivable Account is £472, and of Bills Payable Account £917. The *Dr.* side of his Merchandise Account is £1172, and the *Cr.* £911. The *Cr.* side of his Stock Account is £410. He has in hand, Cash £48 and Goods £418.

Rule Ledger Accounts, place the amounts specified on the proper sides of them, and then close the Ledger, showing the balance.

5. What errors are not checked by balancing the Ledger?

6. Give the Journal entries for the following transactions :—

			£
Bought of John Smith, Wool	..	..	55
Sold Robert Brown, Wool	..	..	62
Received of Robert Brown—			
Cash	..	..	£32
Bill at 3 months	..	..	30
			— 62
Paid John Smith—			
Brown's Bill	..	..	£30
Cash	..	..	25
			— 55

7. Give the Journal entries which should be made by John Smith and Robert Brown for the part of each in the foregoing transactions.

8. A. has the following entry in his Journal :—

"John Thompson *Dr.* to Bills Payable .. £500 0 0

"(accepted the Draft of Jacob Simpson on his account)."

Give the Journal entries which John Thompson and J. Simpson should make respectively.

9. How could books be kept by Double Entry without the use of a Journal?
10. In the books of most Government departments and of some merchants the Journal has the *Dr.* and *Cr.* columns on opposite sides of the page, and the totals of the pages carried forward to the end of the year. What is thus gained?
11. Define the position in which the "Private Ledger" of a merchant stands with respect to his other books.
Define the uses and position of an Auxiliary Ledger in the books of the Admiralty and other Government departments.

SPECIMENS OF EXAMINATION PAPERS IN BOOK-KEEPING.

Set to Candidates for Supplementary Clerkships in the Treasury.

No. 1.

- A. Copy the following transactions into either—

1. A Sales-Book or Day-Book, a Cash-Book, and an Invoice-Book: or
2. (In the event of your not being able to do so) into any books that you consider would do in their stead. In each case you must rule paper for yourself.

1868.				£	s.	d.
July 1.	Cash in hand	..	..	..	125	10 0
	„ Bought of J. Edwards & Son :					
	12 doz. Sauterne, 40/.	..	..	..	24	0 0
	40 doz. Chablis, 42/.	..	..	..	84	0 0
	4. Bought of W. Blake :					
	10 doz. Rudesheimer, 59/.	..	..	..	29	10 0
	„ Sold Benj. Smith :					
	3 doz. Sauterne, 45/.	..	..	..	6	15 0
	2 doz. Chablis, 46/.	..	..	..	4	12 0
	4 doz. Rudesheimer, 75/.	..	..	..	15	0 0
	7. Bought of Giesler & Co. :					
	3 Butts Sherry, £30 ..	..	..	..	90	0 0
	9. Sold Robert Bates :					
	1 Butt Sherry, £32 ..	..	..	..	32	0 0

1868.				£	s.	d.
July 9. Sold J. Long :						
10 doz. Sauterne, 45/.	..	..	..	22	10	0
1 doz. Rudesheimer, 66/.	..	..	..	3	6	0
1 Butt Sherry, £29	..	..	..	29	0	0
10. Received of Benj. Smith	..	..	..	26	0	0
viz. a/c	..	..	..	£26	7	0
Less 1½ %	..	..	..	0	7	0
20. Accepted Draft of J. Edwards & Son at 2 months	..	..	..	108	0	0
„ Paid W. Blake	..	..	..	29	2	8
viz. a/c	..	..	..	£29	10	0
Less 1½ %	..	..	..	0	7	4
23. Received of Robert Bates	..	..	..	31	4	0
viz. a/c	..	..	..	£32	0	0
Less 2½ %	..	..	..	0	16	0
29. Received of J. Long	..	..	..	54	16	0

- B.** 1. Supposing a Journal to be used, give the Journal entries for the following transaction :—
 “Sold to B. 1 Pipe of Port, £50, and took his Bill at 2 months for the amount.”
2. I buy Sherry of James Smith, £50, and sell it to B. for £55; B. pays me in a Bill for £25 and cash for £50, and I then pay to James Smith B.'s acceptance and cash for the balance, he allowing me 2½ % on the whole amount.
 Give the Journal entries which would be necessary for recording these transactions in my books.
3. Give the Journal entries which James Smith would make for his part of the same transaction, and also those of B.
4. How should the following Accounts be closed?—
 1. Merchandise.
 2. Cash.
 3. Profit and Loss.
 4. Petty Expenses.
5. Describe the process of balancing. What errors are not checked by it, and how are they guarded against in practice?

6. A set of books is kept by Single Entry, and the books used are,

- 1 Day-Book or Sales-Book.
2. Cash-book.
3. Bill-book.
4. Ledger.

Show how this set of books could, at the end of a year, be changed to Double Entry without making any fresh ones.

- C.** 1. Rule a Journal and enter in it the transactions given in *A*, and post them from it into a Ledger (also ruled by yourself); or,
 2. Post the transactions given in *A* into a Ledger (ruled by yourself), giving the Accounts necessary to make it Book-keeping by Double Entry.

N.B.—The Candidate should do either *A.* and *B.* or *A.* and *C.*

No. 2.*

Make the entries necessary to record the following transactions in the proper Books, and then close and balance the Ledger :—

List of the Effects of W. H. Turner.

1868.				£	s.	d.
Jan. 1.	50 Cases Geneva (1 doz. each), 7/.	..	..	17	10	0
	2 Hhds. Pale Ale, 84/.	..	..	8	8	0
	2 Barrels Porter, 37/.	..	..	3	14	0
	15 Doz. Fine Champagne, 30/.	..	..	22	10	0

Bills Receivable, viz. :—

No. 16. North & Co.	..	£275	4	2		
18. Tatlock & Co.	..	49	17	5		
19. Ditto	..	172	7	6		
			497	9	1	

Cash in hand	..	..	47	6	9	
Ditto at Banker's (Glyn's)	..	..	262	15	4	
			310	2	1	

Book Debts :

Roger Smith	..	..	219	5	4	
Wm. Lott	..	..	19	4	7	
Th. Wing	..	..	35	7	9	
			273	17	8	

* This Paper has been set also to Candidates for Supernumerary Surveyorships of Taxes.

1868.	List of Liabilities :	£	s.	d.
	David Murray	£797	2	6
	Bills Payable (Johnson's Draft) 207	2	9	
		1004	5	3
Jan. 2.	Bought of Johnson & Co.:			
	20 Cases of Edam Cheese, say 16 ^{cwt.} 1 19,			
	60/.	49	5	2
„	Shipped per "Gustav Adolph," L. Göde, at Bahia, on my account and risk, consigned to W. Smith & Co:			
	50 Cases Geneva (1 doz. each), 7/. ..	17	10	0
	2 Hhds. Pale Ale, 84/. ..	8	8	0
	2 Barrels Porter, 37/. ..	3	14	0
	2 Hhds. 40/., 2 Barr. 26/. ..	3	6	0
	Freight, Primage, &c. ..	2	11	3
		35	9	3
5.	Sold Tatlock & Co.:			
	5 Doz. Champagne, 36/.	9	0	0
6.	Sold Wm. Lott:			
	3 Doz. Champagne, 35/.	5	15	0
9.	Shipped per "Great Western," Bevis, at Rio, consigned to Robert Bradshaw, for and on account of and risk of Consignee:			
	20 Cases of Edam Cheese, say 16 ^{cwt.} 1 19,			
	@ 72/.	59	2	2
	Free on board.			
10.	Drew Cheque for Petty Cash	15	0	0
„	Received of Roger Smith	213	15	6
	viz. a/c £219	5	4	
	Less 2½ %	5	9	10
„	Received of Wm. Lott	18	19	6
	viz. a/c	19	4	7
	Less 2½ %	0	5	1
„	Received of Thomas Wing his Acceptance at 1 month	35	7	9
„	Paid into Glyn & Co.'s	150	0	0

1868.	£	s.	d.
Jan. 11. North's Bill, due 13th inst., paid into Glyn's ..	275	4	2
20. Accepted David Murray's Draft at 1 month ..	797	2	6
23. Johnson's Bill, due this day, retired at Glyn's	207	2	9
„ Tatlock's Bill, due this day, duly honoured ..	49	17	5
30. Petty Cash Payments this month, including £5 16s. 9d. Dock Charges, &c., on Cheese, per "Great Western"	11	3	5

COMMERCIAL TERMS.

AAM, AUM, or AHM, a measure for liquids, used at Amsterdam, Antwerp, Hamburg, Frankfort, &c.

At Amsterdam it is nearly equal to 41 English Wine Gallons.

At Antwerp	„	36½	„	„
At Hamburg	„	38¼	„	„
At Frankfort	„	39	„	„

ABANDONMENT, in commerce and navigation, is used to express the abandoning or surrendering of the ship, or goods, insured to the insurer.

ABATEMENT, or REBATE, is the name sometimes given to a discount allowed for prompt payment; it is also used to express the deduction that is sometimes made at the Custom-house from the duties chargeable upon such goods as are damaged.

ACCEPTANCE OF A BILL. An acceptance is an engagement to pay a bill according to the tenor of the acceptance, which may be either absolute or qualified.

ACCOMMODATION BILLS, or NOTES, a term applied to the acceptance of a bill, when the drawee only lends his name; and the drawer engages to furnish him with the means of payment before the bill becomes due.

ACCOUNT CURRENT is a statement of mercantile transactions with correspondents, drawn out in a plain and circumstantial manner, in the form of *Dr.* and *Cr.*

ACQUITTANCE, a discharge in writing for a sum of money, acknowledging it to have been paid.

ACTION is, in a mercantile sense, applied to a law proceeding, instituted to recover payment of a debt due and unpaid.

ACT OF HONOUR, an instrument drawn up by a notary public, when a bill is accepted for the honour of another person; that is, when the drawee refuses to accept, any third party, after protesting, may accept for the honour of the bill generally, or for the drawee, or for the indorser; in which case the acceptance is called an acceptance *supra protest*.

ADJUSTMENT, in commercial navigation, the settlement of a loss incurred by the insured.

ADVANCE implies money paid before goods are delivered, or upon consignment. It is usual with merchants to advance from a half to two-thirds of the value of goods consigned to them, on being required, on their receiving invoice, bill of lading, orders to insure them from sea risk, &c.

AD VALOREM, according to the value. Used chiefly in speaking of duties regulated according to the value of the merchandise on which they are levied.

ADVENTURE, a speculation in merchandise sent to some foreign market, with general instructions to the agent or supercargo to dispose of it to the best advantage.

ADVICE, mercantile intelligence. Advice is usually given by one merchant or banker to another *by letter*, informing him of the bills or drafts drawn on him, with all particulars of date, or sight, the sum, to whom made payable, &c. When bills appear for acceptance or payment, they are frequently refused to be honoured for *want of advice*. It is also necessary to give advice, as it prevents forgeries. If a merchant accept or pay a bill for the honour of another person, he is bound to advise him thereof, and this should always be done under an *act of honour*, by a notary public. (See McCulloch's Dict.)

ADMINISTRATOR, a person who is allowed to administer in the Ecclesiastical Court, by which he takes charge of the personal effects of one who dies intestate.

AGENT, a person duly authorized to act for another.

AGIO, a premium given for bank money in preference to currency.

ALLOWANCE, a customary deduction in weights and measures, such as *Tare*, *Trett*, *Draft*, *Cloff*.

In selling goods, or in paying duties upon them, certain deductions are made from their weights, depending on the nature of the packages in which they are inclosed, and which are regulated in most

instances by the custom of the merchants, and the rules laid down by public offices. Thus—

Draft, is a deduction from the original or gross weight of goods, and is subtracted before the tare is taken off.

Tare, is an allowance for the weight of bag, box, cask, or other package, in which the goods are weighed.

Real, or *Open Tare*, is the actual weight of the package.

Customary Tare, is, as its name implies, an established allowance for the weight of the package.

Average Tare, is when a few packages only among several are weighed, their mean or average taken, and the rest tared accordingly.

Super-Tare, is an additional allowance, or tare, where the commodity or package exceeds a certain weight. When tare is allowed, the remainder is called the net weight; but if trett be allowed, it is called the *suttle weight*.

Trett, is a deduction of 4 lbs. from every 104 lbs. of *suttle weight*. This allowance, which is said to be for dust or sand, or for the waste or wear of the commodity, was formerly made on most foreign goods sold by the pound *avoirdupois*; but it is now nearly discontinued by merchants, or else allowed in the price. It is wholly abolished at the East India warehouses; and neither trett nor draft is allowed at the Custom-house.

Cloff, is another allowance nearly obsolete. It is stated to be a deduction of 2 lbs. from 3 cwt. of the second *suttle*, that is, the remainder after trett is subtracted; but merchants, at present, know *clloff* only as a small deduction, like draft, from the original weight, and this only upon two or three articles. (See McCulloch's Dict.)

ANNUITY, an annual sum paid or received.

ANTEDATE, a false date, prior to the true date of a bond, bill, or letter.

APPRAISER, a person licensed to set a value upon goods to be sold.

ARBITRATION, a mode of settling a dispute, by referring the question to the decision of one person or more, without any appeal to law.

ASSETS, in commerce, a term used to designate the stock in trade, and the entire property of all sorts, belonging to a merchant or to a trading association. It is also applied to goods or property placed in the hands of executors or assignees, &c., for the discharge of some particular trust or obligation.

ASSIGNEE, a person appointed by competent authority to do, act, or transact some business, or exercise some particular privilege or

power, for or on account of some specified individual or individuals. The term is most commonly applied to the creditors of a bankrupt appointed to manage for the rest, and who consequently have the bankrupt's estate assigned over to them.

ATTACHMENT, the act by which a creditor may claim and seize the effects of his debtor, wherever they may be found.

AUCTION, a public sale of goods to the highest bidder.

AUCTIONEER, a person who conducts sales by auction.

AVERAGE, a contribution made for losses at sea. (See McCulloch's Com. Dict.)

BAILAGE, or BALLAGE, a small duty paid to the City of London for certain goods when exported.

BAILEMENT, the delivery of goods into trust, on condition that they shall be returned when the terms of the agreement are fulfilled.

BALANCE, in accounts, is the term used to express the difference between the *Dr.* and *Cr.* side of an account. In commerce, the term is commonly used to express the difference between the value of the exports from and imports into a country.

BALLAST, or KENTILLAGE, any heavy matter placed in the hold of a ship to make her sink to a proper depth, so that she may carry sufficient sail without the danger of oversetting.

BANK, a public office for keeping and circulating money.

BANK NOTE, a note issued from a bank payable on demand.

BANKER, a proprietor of a bank or banking house.

BANKRUPT, a person in trade who cannot make good his payments, and who has, therefore, a commission of bankruptcy taken out against him.

BARRATRY, a fraud committed by the master or crew of a ship on the owners or insurers; such as sinking, deserting, or taking away the ship, or embezzling the cargo.

BARTER, the exchanging or trucking of one commodity for another.

BILL, a term generally applied to a draft, advertisement, or account.

BANK BILL, a note signed by one of the cashiers of the bank, promising to pay a certain sum of money at an appointed time.

BILL OF ENTRY, a note of the particulars of goods entered at the Custom-house. (See Clement's Custom-house Guide.)

BILL OF EXCHANGE, a written order for the payment of money.*

* For further information on Bills, see Kelly's Cambist, and McCulloch's Com. Dict.

BILLS OF EXCHEQUER, securities issued by Government, which bear interest until paid off. They are mostly for £100 each, and bear interest from 1½*d.* to 2½*d.* per day, for £100, according to the usual rate at the time.

BILL OF HEALTH, an account of the health of a crew, given by the captain or master of a vessel.

BILLS, INDIAN GOVERNMENT, bills drawn on the Indian Government, and payable in London at the Bank of England.

BILLS OF LADING, papers signed by the master of a ship acknowledging the receipt of certain goods on board his vessel, and promising to deliver them at the intended place. It is customary to make out three bills of lading, one to be left with the shipper, the second to be held by the captain of the ship, and the third to be sent to the person to whom the goods are consigned, by which he can claim them on their arrival.

BILLS, NAVY, bills issued by the navy board in payment of stores for the ships, dockyards, &c. They are made payable at 90 days, with an interest of 3½*d.* per day on each £100.

BILL OF PARCELS, an account given by the seller to the buyer, containing the particulars of the goods bought.

BILL OF SALE, a deed by which a right or interest in certain goods is transferred.

BILL OF STORE, a licence granted at the Custom-house to merchants, allowing them to carry, custom free, all provisions and stores necessary for their voyage.

BILL OF SUFFERANCE, a licence granted to a merchant at the Custom-house, allowing him to trade from one port to another, without paying custom.

BILLS, VICTUALLING, bills issued by the victualling board, like navy bills by the navy board.

BOND, a deed or obligation by which a person binds himself, or his heirs, to pay a certain sum of money at an appointed time.

BONDS, INDIAN GOVERNMENT, bonds issued by the Indian Government of £50 and £100 each, bearing interest at 5 per cent. per annum, which interest is paid at the Bank of England.

BOND, POST OBIT, a bond payable after the death of the person whose name is therein specified.

BOOK OF CARGO or LOADING, is a book kept by the mate of a trading vessel, containing a particular account of the goods on board.

BOOK OF RATES, a book showing the duty to be paid at the Custom-house for goods exported or imported.

BOTTOMRY, is a contract or loan on a ship in the nature of a mortgage; but it differs from other loans and mortgages, inasmuch as

the rate of interest is higher, and the security more precarious; for if the ship be lost, neither loan nor interest can be demanded.

BOUNTY, is a premium given for the encouragement of some branch of trade, manufacture, or agriculture.

BROKERS, persons appointed to transact business between merchants and others; thus, there are ship-brokers, insurance-brokers, exchange-brokers, stock-brokers, &c.

CAMBIST, a dealer in bills of exchange, or a person skilled in the business of exchanges.

CAPITAL, the amount of any sum or stock.

CERTIFICATE, a paper certifying anything.

CHARTER, is a written evidence of some grant or privilege.

CHARTER PARTY, a contract executed between the person who hires a ship and the owner, setting forth the terms, &c. A ship is said to be chartered when hired for a voyage.

CHATELS, all kinds of goods and property.

CHEVISANCE, a composition between *Dr.* and *Cr.*

CHEQUE, or CHECK, a draft on a banker made payable to bearer.

CIRCULATING MEDIUM, cash, bank-notes, or other paper money payable on demand.

CLEARING, among bankers, is a method adopted by them for exchanging the drafts on each other's houses, and settling the differences.

CLEARING A VESSEL, is entering all particulars relating to her at the Custom-house.

CLEARING-HOUSE, the place where the operation termed clearing is carried on.

COCKET, a Custom-house warrant given on the entry of goods, to show that they have paid the duty.

COMMERCE, traffic between different countries, or mercantile business in general.

COMMISSION, a per centage given to agents, or factors, for transacting the business of others.

COMMISSIONER, a person who has a commission, as letters patent or other lawful warrant, to execute any public work; one who transacts business for another by commission.

COMMISSION OF BANKRUPTCY, an order under the great seal, directing five or more commissioners to inquire into the affairs of a bankrupt.

COMPANY, a society or partnership in trade or commerce.

COMPOSITION, part of a debt taken in lieu of the whole.

COMPROMISE, settling a difference in which some concessions are made on both sides.

COMPTE SIMULE, a copy of the usual charges made on the sale of goods. A *pro formâ* of an account-sale, showing the terms upon which a broker or factor will sell merchandise.

CONSIGNEE, an agent or factor to whom goods are sent to be sold on commission.

CONSIGNMENT, the sending or delivering over of goods to the care of a factor.

CONSOLS, the Three per Cent. Consolidated Annuities.

CONSUL, in commerce, an officer appointed by competent authority to reside in foreign countries, in the view of facilitating and extending the commerce carried on between the subjects of the country which appoints him, and those of the country or place in which he is to reside.

CONTINGENT, the proportion that falls to the share of a person concerned in any business or adventure.

CONTRABAND TRADE, that which is prohibited by law.

CONTRACT, a covenant or agreement between two or more persons.

CONVOY, ships of war sailing with other ships, in order to protect them from the enemy in the time of war.

CO-PARTNERSHIP, is when two or more persons unite in trade, and agree to participate in the profits or losses, according to their respective shares in the capital.

COUNTER-ORDER, an order sent to revoke a former one.

COUNTERVAILING DUTIES, equal duties established between two countries, and charged upon the exportation and importation of the same kind of goods.

CRANAGE, money paid for the use of a crane to draw up goods.

CREDIT, a term used to express the trust or confidence placed by one individual in another, when he assigns him money, or other property in loan, or without stipulating for its immediate payment. The party who lends is said to give credit, and the party who borrows to obtain credit.

CREDITOR, the person to whom any sum of money is due.

CREDIT SIDE, the right-hand page or side of an account.

CURRENCY, money in common circulation, whether coin or paper. In America, however, and some parts of the West Indies, money of account is called currency.

CUSTOM, a tax paid for goods exported or imported.

CUSTOM-HOUSE, the place where entries are made of goods exported or imported, and the duties paid.

DEBENTURE, is a certificate delivered at the Custom-house when the exporter of goods has complied with the proper regulations, by which certificate he is enabled to receive a bounty or drawback on the exportation.

DEBTOR, a person owing money to his creditor.

DEED, an instrument in writing containing some conveyance, contract, bargain, or agreement.

DEL-CREDERE, a charge made for the guarantee of debts.

DEMAND, calling upon a person for money or anything due. A bank note is therefore payable on demand.

DEMURRAGE, an allowance made to the master of a ship by merchants, for being detained in port longer than the time agreed upon.

DEPOSIT, a sum advanced in part payment, and is accounted for in the general balance, or a security to perform some duty, to be given up when such duty is performed. Moneys resting in a bank are called deposits.

DEVIATION, a departure, without reasonable cause, from the regular course of a voyage insured. Such deviation annuls the contract of insurance.

DISCOUNT, an allowance paid on account of the immediate advance of a sum of money not due till some future period. It is usually said to be of two kinds, viz., discount of bills and discount of goods; but they are essentially the same.

DISHONOUR, a term used when bills of exchange are refused acceptance or payment.

DIVIDEND, a share of any profit, debt, or capital; also the interest in the stocks.

DOCKS, are artificial basins for the reception of ships. Docks are of two sorts—wet and dry. Wet docks are generally constructed with gates to retain the water. Ships are admitted at high water, and the gates being shut, they are kept constantly afloat. A dry dock is intended for the building, repairing, or examination of ships. The ships to be repaired or examined are admitted into it at high water; and the water either ebbs out with the receding sea, or is pumped out after the gates are shut.

DOCKET, a short memorandum or summary affixed to larger papers. Striking a docket is when a creditor gives bond to the Lord Chancellor, proving his debtor to be a bankrupt.

DOCQUET BOOK, or **SEDERUNT**, a book sometimes kept in company concerns, containing a copy of every general balance in the ledger. This abstract is signed by the partners according to the terms of their contract.

DRAFT, a bill or check by which one person draws for money on another. Also an allowance deducted from the original weight of goods.

DRAWBACK, an allowance made at the Custom-house for the exportation of goods that have paid inward duties. (See *Debenture*.)

DRAWEE, the person on whom bills of exchange are drawn.

DUNNAGE, ordinary goods or other materials laid at the bottom of the ship's hold to prevent the cargo from being injured. A ship is not reckoned seaworthy unless she be provided with proper and sufficient dunnage. (See Faulkner's "Marine Dictionary.")

DUTY, a tax on merchandise. (See *Custom*.)

EARNEST, in commercial law, is the sum advanced by the *buyer* of goods in order to bind the *seller* to the terms of the agreement.

EFFECTS, personal goods. No effects, means no funds.

EMBARGO, the stopping or arrest of ships by order of Government.

EMBEZZLEMENT, the crime of appropriating to himself that which is received in trust for another.

EMPORIUM, a principal place for merchandise, a mart, a staple.

ENTREPÔT, a public magazine appointed in most foreign countries for the reception of merchandise imported.

ESTAFETTE, an additional express or mail.

EXCHANGE, a place where merchants, bankers, brokers, and others meet to confer and treat together of matters relating to exchanges, remittances, payments, adventures, freights, and other mercantile negotiations by sea and land. In commerce this term is generally used to designate that species of mercantile transactions by which the debts of individuals residing at a distance from their creditors are cancelled without the transmission of money.

EXCHEQUER, the court to which all revenues belonging to the crown are brought.

EXCISE, an inland tax levied upon various commodities.

EX-OFFICIO, by virtue of office; officially.

EX-PARTE, a one-sided account, as an *ex-parte* statement.

EXPORTATION, the act of sending goods out of one country into another.

FACTOR, a merchant's agent or correspondent in some distant part.

FACTORAGE, the allowance, commission, or wages given by a merchant to his agent.

FACTORY, a commercial establishment in a foreign country, where factors, merchants, and traders carry on business with the natives of the place.

FAILURE, is when a person in trade, through misfortune or imprudence, is unable to pay his debts.

FIAT, an order issued by the Lord Chancellor, thereby authorizing the petitioning creditor to prosecute his complaint in the Court of Bankruptcy, before such persons as the Lord Chancellor, by such *fiat*, may think fit to appoint.

FINANCES, a term generally applied to the public revenues.

FIRM, the title or signature of a mercantile house or company.

FIRST-RATE PAPER, bills drawn or accepted by a good house; such as have paid their bills regularly.

FLOTSAM, JETSAM, and LAGAN. In order to constitute a legal wreck the goods must come to land. If they continue at sea the law distinguishes them by the foregoing uncouth and barbarous appellations. *Flotsam* is when the goods continue swimming on the surface of the waves; *jetsam* is when they are sunk under the surface of the water; and *lagan* is when they are sunk, but tied to a cork or buoy to be found again. (See McCulloch's Com. Dict.)

FORE-CLOSING, a judgment upon mortgage, to compel payment or dispose of the property.

FREIGHT, the goods which a ship carries; also the money paid for carrying them.

FUND, a stock or capital; that by which any expense is supported.

FUNDS, PUBLIC, the name given to the public funded debt due by Government.* (See Stocks.)

GARBLE, the dust, dross, and refuse of spice and drugs.

GARBLING, picking out the worst of any commodity.

GAUGER, a person appointed to gauge or ascertain the contents of any excisable commodity.

GAZETTE, a paper published by Government, containing, among other things, notices of the dissolution of partnerships, commissions of bankruptcy, suspension or continuance of bounties, embargoes, &c.

GROSS WEIGHT, the whole weight of goods, including chests, or bags, dust, dross, &c.

Gross, twelve dozen.

GROUNDAGE, a small duty payable in certain ports by ships coming to anchor.

GUARANTEE, a person who undertakes that certain stipulations shall be fulfilled.

GILD, or GUILD, a company of merchants or manufacturers, whence the halls of such companies are denominated Gild or Guild Halls.

* The practice of borrowing money began in the reign of William III. (See McCulloch's Com. Dict.)

HALAGE, money paid for haling, drawing, or carrying goods to or from ships.

HARBOUR, HAVEN, or PORT, a piece of water communicating with the sea, or with a navigable river or lake, having depth sufficient to float ships of considerable burden, where there is convenient anchorage, and where ships may lie, load, and unload, screened from the winds, and without the reach of the sea.

HUSBANDAGE: trading vessels are mostly held in shares, and one of the owners is generally the manager, or ship's husband, for which he is allowed a certain per centage on the whole amount of the freight. The manner of settling such an account is nearly the same as that of any other partnership concern.

IMPORTATION, the act of bringing goods into a country from foreign parts.

IMPOST, a duty on goods imported.

INDEMNITY, is when a person secures another from responsibility against any particular event.

INDORSEMENT, or ENDORSEMENT, the signature which the holder of a bill writes on the back of it, by which he transfers his interest to a third person.

INGROSSING, buying up large quantities of corn, or other provisions, with a view to raise their price, and to sell them again.

INSOLVENT, a person not possessed of a capital adequate to the payment of his debts.

INSOLVENCY and BANKRUPTCY, insolvency is a term in mercantile law, applied to designate the condition of all persons unable to pay their debts according to the ordinary usage of trade. A bankrupt is an insolvent; but persons may be in a state of insolvency without having committed any of the specific acts which render them liable to a commission of bankruptcy. (See McCulloch's Com. Dict.)

INSTALMENTS, payments of a sum of money in certain proportions, and at stipulated times.

INSURANCE, or ASSURANCE, a contract of indemnity, by which one party engages, for a stipulated sum, to insure another party against a risk to which he is exposed. The party who takes upon him the risk is called the *Insurer, Assurer, or Underwriter*, and the party protected by the insurance is called the *Insured, or Assured*; the sum paid is called the *Premium*, and the paper or parchment, containing the contract, is called the *Policy*.

INTEREST, a premium paid for the use or loan of money.

INVENTORY, a schedule, account, or catalogue of effects.

INVOICE, an account of goods or merchandise sent by merchants to their correspondents at home or abroad, in which the peculiar marks of each package, with other particulars, are set forth.

JERQUING, of a ship, is a search performed by an officer of the Customs (called Jerquer), after she is unloaded, to see if there are no unentered goods concealed.

JOINT STOCK, implies a partnership fund.

JOINT-STOCK BANKS, are such as are subscribed to by a number of partners, who divide the profits at certain periods, according to a deed of settlement.

JETSAM. See Flotsam, page 106.

KEY, or QUAY, a wharf or building of stone by the water-side, in a seaport, for loading and unloading goods.

KEYAGE, the money or toll paid for loading or unloading goods at a key or wharf.

LAGAN. See Flotsam, page 106.

LAND WAITER, or SEARCHER, a Custom-house officer, whose duty it is to take account of goods imported.

LASTAGE, the ballast or lading of a ship; the word is sometimes used for garbage, rubbish, &c.

LEAKAGE, an allowance made at the Custom-house for waste, loss, or leakage of liquors.

LEDGER, the principal book of accounts kept by merchants and tradesmen, wherein every person's account is placed by itself, after being extracted from the journal.

LEGACY, a bequest, a gift of money, goods, or chattels, by testament.

LEGATEE, a person to whom a legacy is bequeathed.

LETTER OF ADVICE, a letter giving notice of any transaction.

LETTER OF ATTORNEY, or POWER OF ATTORNEY, a writing which empowers one person to act for another.

LETTER OF CREDIT, a letter by which one person can receive money on the credit of another.

LETTER PATENT, a privilege granted to an inventor to enable him, exclusively, to enjoy the advantages of his invention for a certain term of years.

LETTERS OF MARQUE, are commissions granted to captains of ships and others, in time of war, to make reprisals on the ships of the enemy.

LICENCE, a privilege from Government for carrying on a trade or business, on which a certain duty is laid.

LIEN, a claim, or attachment, on any property which a person has in his possession, for a debt due to him from the owner of the property.

LIFE ANNUITIES, annual payments to continue during any given life or lives.

LIGHT-HOUSE, a tower situated on a promontory or headland on the sea-coast, or on rocks in the sea, for the reception of a light for the guidance of ships at night. There are also floating lights, or lights placed on board vessels moored in certain stations, and intended for the same purposes as those on shore.

LIGHT BILLS, charges paid to the Trinity House, London, for light-houses, buoys, &c.

LIGHTERAGE, money paid for carrying goods to and from a ship in a boat or lighter.

LIQUIDATION, the concluding or winding up of a business, such as paying and receiving all debts, &c.

LISTED. When a ship arrives at any port she is "listed," that is, announced in the Shipping or Lloyd's List.

LLOYD'S, the principal establishment for marine insurance. This establishment has an agent in all the principal parts of the world (called Lloyd's Agents), who forward, to Lloyd's, accounts of the departures from and arrivals at their ports, as well as of losses and other casualties; and, in general, all such information as may be of importance towards guiding the judgments of the underwriters. (See McCulloch's Com. Dict.)

LOAN, a thing lent; a sum lent to Government, which makes part of the national debt.

LOT, a portion or parcel of goods.

MANIFEST, a paper containing the particulars of a ship and cargo, which paper must be signed by the master of the vessel before any of the goods can be landed.

MANUFACTURE, a commodity produced by labour or machinery from any raw material.

MARITIME LAW. By maritime law is meant the law relating to harbours, ships, and seamen. It forms an important branch of the commercial law of all maritime nations. It is divided into a variety of different departments; such as those with respect to harbours, to the property of ships, the duties and rights of masters and seamen, contracts of affreightment, averages, salvage, &c.

MART, a great market, fair, staple, or other place of public traffic.

MASTER, in commercial navigation, the person entrusted with the care and navigation of a ship.

MATE, in a merchant ship, the deputy of the master, taking in his absence the command. There are sometimes only one, and sometimes two, three, or four, in a merchantman, according to her size, denominated first, second, third, &c., mates. The law, however, recognizes only two descriptions of persons in a merchantman—the master and mariners, the mate being included in the latter, and the captain being responsible for their proceedings.

MAXIMUM, the highest price of any article, as fixed by some law or regulation.

MERCHANDISE, all sorts of goods that are bought and sold by merchants.

MERCHANT, a person who deals or traffics in a large way on his own account.

MINT, the place where money is coined.

MORTGAGE, a pawn of lands, houses, or goods, given as a security for money borrowed. The borrower is called the *Mortgager*, and the lender the *Mortgagee*.

MULTS, fines laid on ships or goods, for the maintenance of consuls, garrisons, &c.

NATIONAL DEBT. See Stocks.

NEAT, or NET WEIGHT, the weight of any commodity alone, without the cask, bag, dross, &c.

NET PROCEEDS, the amount or sum which goods produce after every necessary deduction is made.

NONCLAIM, is where a creditor neglects to make his claim within a proper time, in which case he cannot enforce his demand.

NOTARY PUBLIC, a person duly appointed to attest deeds and other writings; also to note and protest bills of Exchange, or other drafts, or notes, when refused or returned.

NOTE, an order in writing for money; also a security for money; it likewise means a memorandum.

NOTING, is the act of a notary when a bill is not duly honoured.

OBLIGATION, a bond containing a penalty, with a condition annexed for the payment of money, the performance of covenants, &c.

OBLIGEE, he to whom a bond is made payable.

OBLIGER, he that enters into a bond, or he by whom it is to be paid.

OMNIUM, a term used at the Stock Exchange to express the aggregate value of the different stocks in which a loan is now usually funded.

ORDER, a command to buy, sell, or deliver goods or commodities, or to pay or receive money.

ORDNANCE DEBENTURES, bills issued by the Board of Ordnance, for the payment of stores, &c., purchased for that office or department.

PACKER, a person who carries on the business of packing.

PARCEL, a term indifferently applied to small packages of wares and to large lots of goods. In the latter sense 12 hhds. of sugar, or more, if bought at one price, in a single lot, are denominated a "parcel of sugar."

PARCELS, BILL OF, an account of the items composing a parcel.

PARTNERSHIP, the association of two or more individuals for carrying on some business or undertaking in commerce, each deriving a certain share of the profits, and bearing a corresponding share of the loss arising therefrom.

PASSENGERS, in commercial navigation, are individuals conveyed for hire from one place to another on board ship.

PATENT, a privilege from the Crown granted by letters patent (whence the name), conveying to the individual or individuals specified therein, the sole right to make, use, or dispose of some new invention or discovery, for a certain specified time.

PAWNBROKERS, and PAWNBROKING. A pawnbroker is a species of banker, who advances money, at a certain rate of interest, upon security of goods deposited in his hand, having the power to sell the goods, if the principal sum, and the interest thereon, be not paid within a specified time.

PERMIT, a licence or instrument granted by the officers of excise, authorizing the removal of goods subject to the excise duties.

PESAGE, money paid for weighing goods.

PIERAGE, money paid for the use of a pier.

PILOT, a person who takes a ship from or into a port.

PILOTAGE, money paid for piloting a ship.

PORTAGE, money paid for sailors' wages while in port.

PORT CHARGES, money paid for the use of a port in shipping or landing merchandise.

PORT SALE, a sale of goods upon the key.

POST ENTRY, an additional entry made by a merchant at the Custom-house, when the first entry that he made was found to be too small.

POUNDAGE, a duty formerly paid to the king of 1s. in the pound on all goods imported and exported, except on such as paid tonnage, and on bullion, diamonds, and a few others.

PRE-EMPTION, a first buying or buying before others.

PREMIUM, the money paid for insuring ships, goods, houses, &c.

PRICE CURRENT, a list published in commercial places of the current value of commodities.

PRIMAGE, a certain allowance to the captain and mariners.

PRINCIPAL, a sum lent on interest; also the head of a firm, or house.

PRISAGE, the share belonging to the king out of such merchandise as is taken at sea, in the way of lawful prize.

PROCURATION, the power given by a merchant to a clerk or agent, to write his signature or firm.

PRO FORMA, a term generally applied to a paper showing the terms or charges attending any particular business or transaction; as a *pro forma* account sales.

PROTEST, a paper made out by a notary public, declaring a bill to have been refused.

QUARANTINE, the time that a ship suspected of infection is obliged to keep from all intercourse of commerce; also certain duties imposed on ships for the purposes of quarantine.

QUEST-MEN, persons appointed to inquire into abuses, especially such as relate to weights or measures.

QUOTATION, a term generally applied to a list of the prices of exchange.

RE-ASSURANCE, a contract by which a first insurer relieves himself from the risks he has undertaken, and throws them upon other underwriters, called re-assurers.

REBATE, called RABATT on the Continent, a deduction of so much per cent. on the stipulated price of goods.

RECEIPT, a written acknowledgment of having received a sum of money.

REGRATING, buying and selling, in the same market, corn or any other article of provision.

REGISTRY, in commercial navigation, the registration or enrolment of ships at the Custom-house, so as to entitle them to be classed among, and to enjoy the privilege of British-built ships.

REMITTANCE, a sum of money sent from one house to another.

REPORT, in commercial navigation, a paper delivered by the masters of all ships arriving from parts beyond seas to the Custom-house, and attested upon oath, containing an account of the cargo on board, &c.

REPRISALS. Where the people of one nation have unlawfully seized and detained property belonging to another state, the subjects of the

latter are authorized, by the law of nations, to indemnify themselves by seizing the property of the subjects of the state aggressing; and this is termed making reprisals. Commissions to this effect are issued from the Admiralty.

RENEWAL OF A BILL, is the cancelling of a bill due, and accepting another at a certain date in lieu thereof.

RESPONDENTIA, is a bond and contract by which money is borrowed on the security of goods, the same as in bottomry on the security of a ship.

RESTITUTION, is that when any money has been paid wrongfully, or by mistake, the person so paying has a right to demand it back.

SALVAGE, an allowance made for saving ships or goods from danger of seas, enemies, &c.

SAMPLE, a small quantity of commodity exhibited at public or private sales, as a specimen of its quality.

SCHEDULE, in commerce, the statement of a bankrupt's affairs delivered by him to the commissioners appointed to investigate his case.

SEARCHER, an officer of the Custom-house, whose business it is to search all ships outward bound, to see whether any prohibited goods are on board.

SEA-WORTHY, is when a ship is, in every respect, fitted for the destined voyage.

SEIZURE, an arrest of some merchandise, movable or other matter, either in consequence of some law or express order of Government.

SERIATIM, in order.

SINE DIE, without a day being named.

SMUGGLING, the offence of defrauding the revenue by the introduction of articles into consumption without paying the duties chargeable upon them. It may be committed indifferently either upon the Excise or Customs revenue.

SOLVENT, the condition of a person in trade who is able to pay his debts.

SPECIE, coin, as distinguished from paper money.

STAPLE, a city, town, or place appointed as a public mart for the sale of goods.

STAPLE GOODS, such as are sold at a staple. The term is also applied to the principal produce of a country, and likewise to goods that are not of a perishable nature, as wood, lead, iron, &c.

STOCK, a fund raised by a commercial company. A principal sum or property employed in trade.

STOCKS, or PUBLIC FUNDS, are the debts of Government, for which interest is paid from revenues set apart for the purpose. The mode of raising supplies for the state by borrowing money from individuals or public bodies, and levying taxes for the payment of the interest, is called the *Funding System*; and the loans thus raised constitute the *National Debt*.

The debts of Government differ from other contracts, inasmuch as the public creditor or stock-holder can only claim his interest: he may, however, sell his stock; that is, he may transfer his claim to any other person, and thus obtain his capital, more or less, according to the price of stock, which fluctuates from a variety of causes.

Loans are sometimes raised on annuities for a limited time, and such are called *Terminable Annuities* and *Irredeemable*: but the general practice is to raise loans on interest, and these are called *Perpetual Annuities*, and also *Redeemable*; because Government has the option of paying off the principal whenever the price is at par.

The different funds are further distinguished according to the object or terms on which they were established, or certain subsequent modifications; thus some are called the *Three per Cent. Consols*, some the *Three per Cent. Reduced Annuities*, some the *Three-and-a-Half per Cent. Reduced Annuities*, some the *New Three-and-a-Half per Cents.*, and some the *Five per Cents.*; and the manner of buying stock is to give a specific sum for a nominal one: if, for example, the price of the *Three per Cents* is £60, it is paying this sum for £100 stock. This yields a dividend of £3 a year, which is five per Cent. per annum interest. It may, however, be observed that the interest in the different funds is not always equal; the time of paying the dividends makes a difference, and a preference is likewise given to that stock which is most marketable, and the least liable to be redeemed by Government.

New loans are generally paid in by instalments of 10 or 15 per cent. at stated periods, and they generally comprehend different kinds of stock, which, together, are called *Omnium*. If these be disposed of separately before the instalments are paid, the different articles are denominated *Scrip* (a contraction for subscription). The *Omnium* fluctuates like other stocks, that is, the original terms are sometimes at a premium, sometimes at par, and sometimes at a discount.

Loans are called a *Funded Debt* when taxes are appropriated for paying the interest; but sums raised by Government, for which no such provision is made, are called the *Unfunded Debt*: of the latter description are *Exchequer, Navy, Victualling and Ordnance Bills*.

Stock is a term likewise applied to the capital of the Bank of England, and to the funds of trading companies, &c. These stocks are transferable like Government funds, but the dividends vary according to the success of the respective companies.

Stock, in book-keeping, denotes the owner or owners of the books.

Stock-BROKER, a person employed to buy or sell shares in the joint-stock of a company, or in the public funds.

Stock-JOBBER, a person who deals in the public funds on his own account.

STORAGE, warehouse rent.

SUBSIDY, an aid or tribute granted to the king by a tax on goods, lands, &c. Also a foreign supply or grant.

SUPERCARGO, a person employed on board a ship to oversee the cargo.

SURETY, is when one person becomes bound for another to pay a certain debt, or perform a certain act.

TALLY, a cleft piece of wood to score any account upon. Tallies are used by the officers of the Exchequer, who keep one of the clefts in the office, and give the other to such persons as pay in money.

TALLY-TRADE, the name given to a system of dealing on in London and other large towns, by which shopkeepers furnish certain articles on credit to their customers, the latter agreeing to pay the stipulated price by certain weekly or monthly instalments.

TARE. See Allowance.

TARIFF, an account of the rates of duties imposed on merchandise at the Custom-house. The term is likewise applied to certain regulations in coins.

TELLERS, officers or clerks in public offices who reckon, receive, and pay money.

TIDES-MEN, or TIDE-WAITERS, officers appointed to attend the loading and unloading of ships, in order to prevent contraband trade.

TONNAGE, certain duties imposed on goods. This term is also applied to the burden or number of tons carried by a ship.

TONTINE, a loan raised on life annuities, with the benefit of survivorship. Thus, an annuity after a certain rate of interest is granted to a number of subscribers, who are divided into classes according to their ages; and, annually, the whole fund of each class is shared among its survivors, till at last it falls to one; and, on his death, it reverts to the power that first established the tontine. The term is derived from the name of the inventor of the plan.

TRAFFIC, a general term for trade, commerce, barter, &c.

TRANSFER, the act whereby one party makes over his right, interest, or property to another.

TRANSIT, a Custom-house warrant or pass.

TREATIES, COMMERCIAL. By commercial treaty is meant a treaty between two independent nations, for facilitating, and most commonly, also, regulating the commerce carried on between them.

TRINITY HOUSE. This society was incorporated by Henry VIII., in 1515, for the promotion of commerce and navigation, by licensing and regulating pilots, and ordering and erecting beacons, light-houses, buoys, &c. Henry VIII. by his charter confirmed to the Deptford Trinity House Society all the ancient rights, privileges, &c., of the shipmen and mariners of England, and their several possessions at Deptford, from which it is plain that the society had existed long previously. At first the corporation appears to have consisted of seamen only; but many gentlemen and noblemen are now amongst its members, or elder brethren. It is governed by a master, 4 wardens, 8 assistants, and 31 elder brothers: but the inferior members of the fraternity, named younger brethren, are of an unlimited number; for every master or mate expert in navigation may be admitted as such. Besides the power of erecting light-houses, and other sea-marks, on the several coasts of the kingdom, for the security of navigation, the master, wardens, and elder brethren are invested by charter with the following powers, viz., the examination of the mathematical scholars of Christ's Hospital, and the masters of her Majesty's ships; the appointment of pilots to conduct ships into and out of the Thames; the amercement of such unlicensed persons who presume to act as masters of her Majesty's ships of war, or pilots, in a pecuniary fine; settling the several rates of pilotage; granting licences to poor seamen, not free of the City, or past going to sea, to row on the River Thames for their support; preventing aliens from serving on board English ships without licence; hearing and determining the complaints of officers and seamen of British ships, subject to appeal to the Lords of the Admiralty, &c. To this company belongs the Ballast Office, for clearing and deepening the Thames, by taking a sufficient quantity of ballast for the supply of all ships that sail out of the river, for which they pay certain rates.

TRONAGE, a custom or toll for weighing goods.

TRUCK, an exchange of one kind of goods for another; to barter or traffic.

TUNNAGE, an impost of so much per tun on liquors imported or exported.

ULLAGE, what a cask of liquor wants of being quite full.

UMPIRE, a person appointed to settle a dispute or difference when the arbitrators cannot agree.

UNDERWRITER, a person who insures ships, cargoes, or other risks, which is performed by writing his name under a policy of insurance.

USANCE, the usual term or time of a bill of exchange.

USURY, a charge of interest beyond what is allowed by law.

VELLON, a money in which accounts are kept in many parts of Spain.

VENDEE, the person who buys.

VENDOR, the person who sells.

VENDUE, an auction or public sale.

VOUCHER, a document or paper proving that some payment has been made, or other transaction effected.

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